United States
Department of
Agriculture

Economic
Research
Service

Rural
Development
Research
Report
Number 83

The Family Support Act

Will It Work In Rural Areas?

It's Easy To Order Another Copy!

Just dial 1-800-999-6779. Toll free in the United States and Canada. Other areas, call 1-703-834-0125.

Ask for *The Family Support Act: Will It Work in Rural Areas?* (RDRR-83).

The cost is $15.00 per copy. Add 25 percent for shipping to foreign addresses (includes Canada). Charge your purchase to your Visa or MasterCard. Or send a check or purchase order (made payable to ERS-NASS) to:

ERS-NASS
341 Victory Drive
Herndon, VA 22070

We'll fill your order by first-class mail.

The Family Support Act: Will It Work in Rural Areas? Robert A. Hoppe, editor. Agriculture and Rural Economy Division, Economic Research Service, U.S. Department of Agriculture. Rural Development Research Report No. 83.

Abstract

The Family Support Act (FSA) is major welfare reform legislation that focuses on the Aid to Families with Dependent Children (AFDC) program. The FSA requires States to set up a Job Opportunities and Basic Skills Training (JOBS) program to help families leave AFDC through education, training, and employment; requires stricter enforcement of child-support orders; and extends AFDC to married-couple families with an unemployed parent. The FSA should help some rural AFDC families escape the welfare rolls. The act, however, is not a cure for poverty or welfare. Its ultimate success in rural areas depends largely on how well States and local officials are able to implement the act. Areas differ greatly in their ability to take advantage of the FSA. For example, some rural areas may lack employment for participants who complete the JOBS program. Another potential problem is the concentration of the rural poor in the South, where States may have difficulties meeting matching requirements for Federal funding.

1301 New York Ave., NW.
Washington, DC 20005-4788

April 1993

Preface

The Family Support Act (FSA) became law on October 13, 1988. This welfare reform legislation arose from concern over the large number of children living in poverty and a perception of a growing "underclass" trapped in welfare dependency. The act focuses on the Aid to Families with Dependent Children (AFDC) program, which is largely targeted toward female-headed families. The FSA emphasizes removing families from the welfare rolls through education, training, and work provided by the new Job Opportunities and Basic Skills Training (JOBS) program.

How effective will the FSA be in rural areas? By examining the provisions of the act, the characteristics of rural families and economies, and the availability of rural social services, this report will help anticipate how the act will function in rural areas. This report also discusses additional reforms to help the rural poor.

Assessing the potential effects of the FSA in rural areas is important for two reasons. First, there are large numbers of rural poor who may be affected by the act. Second, rural areas differ economically and socially from urban areas, which will affect how the reforms are implemented.

The Economic Research Service (ERS), an agency of the U.S. Department of Agriculture (USDA), has published this report on welfare reform because poverty is a rural development problem. By law, rural development is a major responsibility of the USDA. ERS has a long history of analyzing rural poverty and the effects of welfare reforms on rural people. This history began in the 1960's when ERS personnel prepared reports for the President's National Advisory Commission on Rural Poverty. Since then, ERS has periodically provided the public with reports about rural poverty and analyzed welfare reform proposals and legislation for their effects on rural areas. The information in this report should prove useful in discussions of ways to help the rural poor.

Acknowledgments

The authors thank the reviewers for their comments. Reviewers of one or more chapters include:

Name:	Affiliation:
Calvin L. Beale	USDA, Economic Research Service
Edward Allan Brawley	Pennsylvania State University, Department of Sociology
David L. Brown	Cornell University, Agricultural Experiment Station
Vee Burke	Library of Congress, Congressional Research Service
Thomas A. Carlin	USDA, Economic Research Service
Fred Doolittle	Manpower Demonstration Research Corporation
Jill L. Findeis	Pennsylvania State University, Department of Agricultural Economics and Rural Sociology
Glenn V. Fuguitt	University of Wisconsin-Madison, Department of Rural Sociology
Linda M. Ghelfi	USDA, Economic Research Service
Leif Jensen	Pennsylvania State University, Department of Agricultural Economics and Rural Sociology
Molly Killian	University of Arkansas, Rural Policy Research Institute
Sara M. Mazie	USDA, Economic Research Service
David A. McGranahan	USDA, Economic Research Service

Name:	Affiliation
Frank B. Raymond, III	University of South Carolina, College of Social Work
J. Norman Reid	USDA, Rural Development Administration
Peggy J. Cook	USDA, Economic Research Service
Paul L. Swaim	USDA, Economic Research Service
Deborah Tootle	USDA, Economic Research Service
Hal Wallach	General Accounting Office
Kenneth P. Wilkinson	Pennsylvania State University, Department of Agricultural Economics and Rural Sociology

Thanks also go to Brenda A. Powell for editorial assistance, Victor B. Phillips for graphics assistance, and Kimberly R. McCray for preparation of camera copy.

List of Abbreviations

ADC—Aid for Dependent Children (program)
AFDC—Aid to Families with Dependent Children (program)
AFDC-UP—Aid to Families with Dependent Children-Unemployed Parent (program)

CETA—Comprehensive Employment and Training Act
CPS—Current Population Survey
CWEP—Community Work Experience Program

DHHS—U.S. Department of Health and Human Services
EITC—Earned Income Tax Credit
FAP—Family Assistance Plan

FSA—Family Support Act
GA—General Assistance (program)
JOBS—Job Opportunities and Basic Skills Training (program)

JTPA—Job Training Partnership Act
LICO's—Low-income cut-offs
LMA's—Labor market areas

MDRC—Manpower Demonstration Research Corporation
MDTA—Manpower Development and Training Act
NWRO—National Welfare Rights Organization

OBRA—Omnibus Budget Reconciliation Act
OJT—On-the-Job Training (program)
PBJI—Program for Better Jobs and Income

SDA's—Service Delivery Areas
SSI—Supplemental Security Income (program)
TRA—Tax Reform Act

UI—Unemployment Insurance
WIC—Special Supplemental Food Program for Women, Infants, and Children
WIN—Work Incentive (program)

Contents

Highlights

During the late 1980's, concern over the large number of children living in poverty and the perception of a growing "underclass" trapped in poverty generated more interest in welfare reform. Many criticized the welfare system for fostering dependence on government programs. Reacting to these concerns, Congress passed major welfare reform legislation. The Family Support Act (FSA) of 1988 became Public Law 100-485 when it was signed by the President on October 13, 1988.

The act focuses on Aid to Families with Dependent Children (AFDC), a program targeted largely at female-headed families. Major provisions of the act are summarized below:

- All States must establish an AFDC-Unemployed Parent (AFDC-UP) program for two-parent families where the principal breadwinner is unemployed. (Prior to the FSA, 23 States did not have AFDC-UP programs.)

- States are required to establish the Job Opportunities and Basic Skills Training (JOBS) program to help AFDC families become self-supporting. States must provide transportation, child care, and other services that AFDC recipients may need to participate in the JOBS program.

- Transitional child support and Medicaid may be provided to families for up to 12 months after leaving AFDC. These provisions apply to any family leaving AFDC, not just those participating in the JOBS program.

- To reduce the need for AFDC, the act requires stricter enforcement of child-support orders.

Most of the provisions have already taken effect. It is still too early, however, to gauge how successful the FSA will be. Exactly how effective the act will be in different types of rural areas will not be known until all the provisions have been in operation for a few years.

The FSA has both immediate objectives and ultimate, long-term goals. The immediate objectives are to encourage work by parents in AFDC families through the JOBS program and to increase the responsibility of absent parents for their offspring through the child-support provisions. If these objectives are met, the act would eventually reach more

ultimate goals, such as reducing welfare dependency and reducing welfare costs to the Government.

This report examines the potential effectiveness of the act in rural, or nonmetro areas. Rural areas and families differ economically and socially from urban areas and families, which will affect how the act is implemented. Also, rural areas have a different set of social service agencies with which to implement the act. These and other topics relevant to the act's operation in rural areas are discussed in the report's eight chapters.

The act has some features favorable to rural areas. Extending AFDC-UP to all States is helpful to the rural poor, who tend to live in States that did not previously have the program. The number of rural poor affected by this provision is relatively small, however. The act also provides funding to encourage the provision of transportation and child care. This funding could help establish more of these services in rural areas. The act's emphasis on education and training should also help some rural AFDC parents with low human capital (skills, training, and education) escape poverty and welfare dependency. And, the work orientation of the act should fit the work ethic of rural people, both the poor and the nonpoor.

The JOBS program attempts to reach more rural areas than earlier employment programs. However, because States are not required to provide the same program activities in all counties, the JOBS program may not offer a full range of activities in areas with a low population density.

Some of the most serious hindrances to the success of the act are related to the characteristics of rural areas themselves: the lack of services and lack of jobs. A related problem is the southern concentration of nonmetro poor in female-headed families. The Southern States in particular may have problems meeting matching requirements necessary to fund the services required by the act.

Although the act will help some of the AFDC poor in rural areas to escape from the welfare rolls, it is not a cure for poverty or welfare. The ultimate success of the act depends in large part on how successful States and local officials are at implementing it. Areas and localities differ greatly in their ability to take advantage of the FSA. Rural areas, which tend to have relatively fewer services and services that are more geographically dispersed, will face greater challenges. Another

serious hindrance to the success of the act is the lack of jobs in many rural areas.

The FSA is targeted largely at the poor in female-headed families. The poor population in this family type is large and growing in nonmetro areas. About 30 percent of the rural poor now live in female-headed families. This means, however, that 70 percent of the nonmetro poor do not live in female-headed families. And, the FSA will not equally affect all female-headed poor families. More poor people clearly must be reached if rural poverty is to be reduced.

Substantial change in the welfare system is unlikely for the next few years. Lawmakers will want to see how the provisions of the FSA work before making major changes. However, the issues of welfare reform and poverty eventually will be revisited. People concerned about rural poverty can begin discussing additional ways to help more of the rural poor. This report also explores some of these ways to help.

Chapter I

The Family Support Act, Our Beliefs, and Rural America

Robert A. Hoppe

The Family Support Act of 1988 is major welfare reform legislation. A variety of factors affect welfare reform efforts, including beliefs about how the poor should be helped, theories about poverty, and economic and social conditions. These factors interact mostly at the national level when legislation is debated. Legislation, however, is applied at the local level. Examining the potential effectiveness of the act in rural areas is important for two reasons. First, there are large numbers of rural poor, including poor in female-headed families, the main target group of the act. Second, rural areas differ economically and socially from urban areas, which will affect implementation of the act.

During the late 1980's, concern over the large number of children living in poverty and the perception of a growing "underclass" trapped in poverty (Solomon, 1988, pp. 1-2) increased interest in welfare reform.[1] Many criticized the welfare system for fostering dependence on government programs (Murray, 1984). Criticism did not come solely from taxpayers with no direct dealings with the welfare system. At a public hearing before the Lower Mississippi Delta Development Commission, a former welfare recipient testified:

> It takes a long time to get off welfare, and once you're on welfare, if you happen to have a desire to get off welfare, the system makes it harder for you to reclaim a workable place in society. You are penalized for ever having to go to the Welfare Office and get on welfare. They treat the people in the Welfare Office

[1]Names in parentheses refer to sources listed in the references at the end of the chapter.

> who go to get welfare as subhuman people (Lower Mississippi Delta Development Commission, 1990, p. 80).

Reacting to concerns about poor children, the underclass, and welfare dependence, Congress passed major welfare reform legislation. The Family Support Act (FSA) of 1988 became Public Law 100-485 on October 13, 1988.

This report examines the potential effectiveness of the act in rural, or nonmetro, areas.[2] Rural areas differ economically and socially from urban areas, which will affect how the act is implemented. Also, rural areas have a different set of social service agencies with which to implement the act. These and other topics relevant to the act's operation in rural areas are discussed in the report's eight chapters.

This introductory chapter begins with some general information about what the act does. Next, it discusses factors affecting antipoverty efforts, including beliefs about how the poor should be helped, theories about poverty, and economic and social conditions. This chapter also explains why the special characteristics of rural areas and rural poverty will affect the implementation of the act and introduces the remaining chapters. Later chapters deal more specifically with the functioning of the act in rural areas.

What the Family Support Act Does

The FSA deals mainly with people receiving Aid to Families with Dependent Children (AFDC). AFDC was established to help children deprived of support because of the death, incapacity, or absence of a parent. Families receiving AFDC must meet low-income and low-asset requirements. AFDC children generally live with one parent, usually the mother. The FSA, therefore, is not targeted at the poor in general. It focuses mainly on the poor in female-headed families.

Before the FSA, however, some married-couple families with children were eligible for AFDC-Unemployed Parent (AFDC-UP) if they lived

---

[2] "Rural" is defined to be the same as "nonmetro" in this chapter. Nonmetro people live in areas outside the official metropolitan areas designated by the Office of Management and Budget. A metro area is generally a county or group of counties containing an urban population concentration of 50,000 or more (Beale, 1984).

in one of the 28 States that extended AFDC to two-parent families where the principal breadwinner was unemployed (U.S. House of Representatives, 1989, p. 534). The FSA extends AFDC-UP to all States. The act also:

> ...requires states to establish an education, training and employment program to move welfare recipients from the dole into permanent jobs that pay enough to support their families. States must enroll 20 percent of their cases in this JOBS (Job Opportunities and Basic Skills [Training]) program by 1995 and must guarantee child care, transportation and other services needed to allow welfare recipients to participate. To minimize the need for mothers of young children to go on welfare to begin with, the legislation mandates stricter enforcement of child-support orders, including automatic wage-withholding of court-ordered support payments (Rovner, 1988, p. 2825).

The provisions of the act and their historical antecedents are discussed in greater detail in chapter II. Chapter V focuses on the JOBS program in particular, including variations in the program among the States.

The FSA has both immediate objectives and ultimate, long-term goals. The immediate objectives are to encourage work by parents in AFDC families through the JOBS program and to increase the responsibility of absent parents for their offspring through the child-support provisions (Solomon, 1988, p. 1). If these objectives are met, the act would eventually reach more ultimate goals, such as reducing welfare dependency and reducing welfare costs to the Government. Years will pass, however, before the effects of the act are known in either rural or urban areas.

Major Influences on Antipoverty Efforts

Efforts to alleviate poverty, including the FSA, have been influenced by age-old beliefs, by theories about poverty, and by economic, social, and political conditions. These factors interact with each other whenever legislation is considered.

Beliefs[3]

Beliefs about how aid should be extended to the poor date back to colonial times and have a strong moral content. Poverty was widespread in the colonies because nearly half of the settlers immigrated to the New World as penniless indentured servants, and many others fell into poverty on the frontier (Salamon, 1978, p. 66). As British subjects, the colonists looked to the English poor laws for ways to deal with the poor. Thus, the colonies originally used the English poor laws as the basis for their own poor laws (Katz, 1986, p. 14).

Three of the basic beliefs underlying the English poor laws continue to have wide acceptance. The first belief stresses that aid to the poor should not interfere with the private labor market (Salamon, 1978, p. 66). Effects on employers and general wage levels are still hotly debated whenever policies to help the working poor are suggested.

The second belief deals with kin responsibility. Aid should be denied to poor people who have relatives (such as parents, grandparents, adult children, or adult grandchildren) to take them in (Katz, 1986, pp. 13-14). Over time, this belief has been modified with respect to the aged. The State, through Social Security and other programs, has taken over much of the extended family's responsibility for the elderly.

Nevertheless, parents are still held responsible for their children:

> ....The nuclear family is still the primary social and economic unit, and, certainly, its foremost responsibility is to raise children. Families are expected to socialize children, to guard their safety, to provide for their education, to impose discipline and direction, and to ensure their material well-being while they are young. The husband and wife are also expected to support each other (Ellwood, 1988, p. 16).

The provisions of the FSA to increase child-support collections reflect the historic responsibility of parents for their children, even if the children do not live with them.

---

[3]The discussion of beliefs is a revision of earlier work by Deavers and Hoppe (1991, pp. 86-87).

The third belief divides the poor into two groups: the "deserving" and the "undeserving" poor (Salamon, 1978, pp. 66-68). The able-bodied poor traditionally are viewed as not deserving aid. For those able to work, poverty results from personal failings, especially laziness and vice. Colonial remedies for poverty among the able-bodied, undeserving poor could be harsh:

> ...Colonial preachers like Cotton Mather [1663-1728] were explicit in sanctioning a policy of "benign neglect" towards the undeserving. "For those who indulge themselves in Idleness," Mather thus declared in one widely circulated sermon, "the Express Command of God unto us is, that we should let them starve (Salamon, 1978, p. 67)."

Personal failings, particularly refusal of the able-bodied to work and behavior resulting in children born out of wedlock, are still popularly believed to be important causes of poverty where the public has little responsibility to help. However, aid can be provided to other poor, such as the aged and disabled, who cannot reasonably be expected to work.

How the poor in female-headed families should be classified has changed over time. Widows and their small children were traditionally classified among the deserving poor (Salamon, 1978, pp. 66-68). AFDC, in fact, was established in 1935 to allow poor widows to stay home and raise their children (Solomon, 1988, p. 3). But, as more mothers joined the labor force and as AFDC became a program for families headed by separated, divorced, and unwed mothers rather than widows (Solomon, 1988, p. 3), the consensus that poor mothers should not work weakened.

Today's classification of female-headed families is somewhat ambiguous. Children in such families could still be classified as deserving, because they cannot work. However, aid is often extended to these children reluctantly because their mothers are usually able-bodied and because it has become more acceptable for women, including mothers, to work.

One cannot overemphasize the importance of beliefs about the causes of poverty among the able-bodied poor. Potential reforms to alleviate poverty that ignore these beliefs are not likely to be accepted by lawmakers or the general public. Major welfare reform measures proposed earlier by Presidents Nixon and Carter failed, in part, because

the measures did not make benefits completely dependent upon willingness to work and thus threatened to aid the able-bodied (Katz, 1986, p. 269). On the other hand, the emphasis on work in the FSA is consistent with the belief that idleness among the able-bodied is a cause of poverty, and this emphasis undoubtedly helped the FSA become law.

The strong work ethic underlying the poor laws is probably stronger in rural areas (Rank and Hirschl, 1988; Williams, 1970, p. 459). The work ethic may make antipoverty programs unacceptable in many rural areas, unless the programs involve work for the able-bodied poor.

Theories

Theories, as well as beliefs, can affect poverty policy. A complete review of poverty theory is beyond the scope of this chapter. Instead, two theoretical concepts stressed recently in the poverty literature are highlighted: (1) the urban underclass and (2) welfare programs as a cause of poverty. Both were discussed widely in the late 1980's, before and during the welfare reform debates.

The underclass is ill defined, varying from study to study. Analysts, however, typically agree that members of the underclass have at least some of the following characteristics:

- They are permanently without connection to the legitimate labor force.
- The women in the group are likely to be persistently poor, to experience prolonged welfare dependency, and to experience high rates of out-of-wedlock births, often starting in the teen years.
- The children in the group are likely to be persistently poor and to experience high dropout rates.
- Some people in the group are likely to exhibit disproportionately high rates of criminal behavior; others experience high rates of criminal victimization (U.S. General Accounting Office, 1990, p. 1).

Most people studying the problem conclude that members of the underclass are concentrated in urban areas, are predominately black or Hispanic, and are increasing in number (U.S. General Accounting

Office, 1990, p. 1).[4] The general perception that a growing underclass exists was a factor in enacting the FSA (Solomon, 1988, pp. 1-2).

Not all poverty scholars, however, accept the existence of an urban underclass isolated from the rest of society by its values. For example, Katz (1989, pp. 213-214) argues that the problem of unemployment among young black men in inner cities is a result of discrimination and a lack of good jobs, not an unwillingness to work by members of an underclass.

Another perspective focuses on antipoverty programs as a cause of poverty. Charles Murray (1984), in *Losing Ground: American Social Policy, 1950-1980*, argued that the Great Society's social programs to alleviate the poverty problem have instead exacerbated the problem by fostering work disincentives and family instability. The welfare system provides perverse incentives for individuals to develop self-defeating characteristics that lead to poverty. Poor people may not originally lack motivation to escape poverty, but programs destroy motivation by encouraging dependency.

Although Murray's ideas became popular in the 1980's, they actually have a history among welfare reformers dating back at least a century. Back in the 1880's, Josephine Shaw Lowell, a New York charities reformer, argued:

> Almsgiving and dolegiving are hurtful to those who receive them because they lead men to remit their own exertions and depend on others...false hopes are excited, the unhappy recipients of alms become dependent, lose their energy, are rendered incapable of self-support...(Piven and Cloward, 1987, p. 29).

Considerable disagreement exists over the validity of Murray's analysis among poverty researchers (Institute for Research on Poverty, 1985). But, theories need not be universally accepted to affect policy. The provisions in the FSA to require work by welfare recipients undoubtedly were influenced by Murray's work.

On the other hand, the importance of theory in public policy debates should not be overstated. The widespread beliefs discussed earlier are

---

[4]Note that this description applies to the *underclass*, not to the *poor* in general. The underclass forms a small portion of the poor.

probably more important to decisionmakers than theories. Theories, however, may serve to reinforce these beliefs. For example, Murray's arguments that welfare programs contribute to poverty by fostering work disincentives are consistent with the work ethic underlying the old poor laws.

Economic and Social Factors[5]

Factors other than beliefs and theories also influence poverty legislation. The interaction of social, political, and economic conditions affects attitudes about the poor and influences policy decisions. For example, rapid economic growth after World War II made policymakers confident that poverty was a residual problem to be addressed by the Johnson administration's Great Society social programs (Levy, 1987, pp. 170-171). And, this growth led the Nation to believe it could afford the Great Society. Compassion also affects antipoverty policy:

> I think America's support for the poor comes not from our most selfish instincts or greatest fears, but from our highest virtues. Helping is motivated by a sense of compassion and a desire for fairness. People are troubled when they see or even think of hungry or homeless people...(Ellwood, 1988, p. 15).

Budget constraints are another important factor in the formation of poverty legislation. For example, provisions to encourage States to raise AFDC benefit levels were eliminated from the FSA in order to save $1.1 billion over 5 years (Rich, 1988, p. A3). Budget constraints will also affect the States as they put the act into operation.

Beliefs, theories, and economic, social, and political factors all interact when legislation is debated and finally enacted. Conflicts can arise among these elements. For example, some of the beliefs about the poor embodied in the old poor laws are not particularly compassionate, and compassion is always constrained by budget limitations. Somehow, compromises are made and legislation emerges.

The factors discussed above interact mostly at the national level when legislation is debated. Whatever legislation is passed, however, must

---

[5]The discussion in this section draws heavily from Deavers and Hoppe (1991, p. 87).

be applied at the local level. The success of a given welfare reform act depends, in part, on the characteristics of the areas where it will be applied. Characteristics of rural areas relevant to the act should be examined.

The Rural Context

Examining the potential effectiveness of the FSA in rural areas is important for two reasons. First, there are large numbers of rural poor, including poor in female-headed families, the main target group of the FSA. Second, rural areas differ economically and socially from urban areas, which will affect how the act is implemented.

Poverty Statistics[6]

Poverty is generally perceived as a problem for urban rather than rural areas. The FSA itself was a response to concern over the urban underclass (Solomon, 1988, p. 1). The perception of poverty as an urban problem probably arose because most people live in or near large cities and are more likely to observe central city poverty (Hoppe, 1989, p. 110). In addition, rural poverty in scenic areas, such as Appalachia, may even appear quaint or picturesque to passers-by (Harrington, 1971, pp. 3-4). Nevertheless, statistics show that poverty is proportionately higher in rural than in urban areas.

The poverty rate has consistently been higher in nonmetro than in metro areas as a whole (fig. 1). Nonmetro poverty is even severe when compared with central city poverty. The nonmetro poverty rate has always been closer to the central city rate than to the suburban rate. The number of rural poor is substantial; 8.6 million poor people lived in nonmetro areas in 1989 (table 1).

Remember, however, that the FSA does not target the poor in general. It focuses mainly on the poor in female-headed families. The main FSA target group in nonmetro areas numbers approximately 2.6

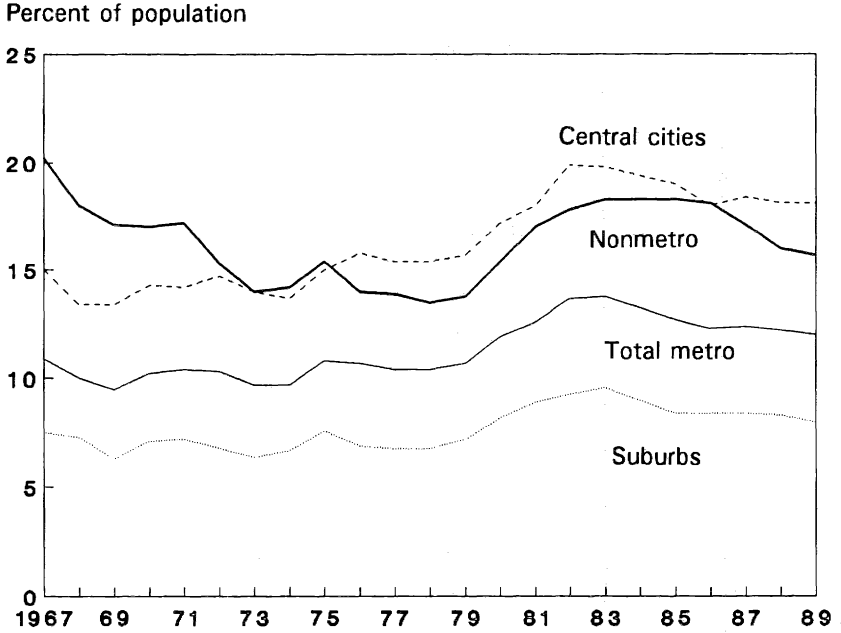
---

[6]Poverty statistics in this paper are from the Department of Commerce, Bureau of the Census (Census Bureau). The poverty definition used by the Census Bureau is discussed in the appendix. Because the statistics are not adjusted to reflect geographic differences in the cost of living, some observers argue that the severity of rural poverty is overstated. For more information, see the appendix.

million, including about 1 million blacks (table 2). The 2.6-million figure is slightly smaller than the corresponding suburban estimate and about two-fifths of the central city estimate. The FSA can potentially affect more people in metro than nonmetro areas, because more members of the target group live in metro areas.

However, the nonmetro poor in female-headed families are still a substantial group relative to other poor populations. For example, the number of nonmetro poor in female-headed families is comparable with estimates of the underclass, which range from less than 2 million to 5.6 million (U.S. General Accounting Office, 1990, p. 6). The recent concern over the urban underclass has, unfortunately, diverted public attention from other large groups of poor, including the nonmetro poor.

Figure 1
Poverty rates by residence, 1967-89



Source: U.S. Department of Commerce, Current Population Survey, various years.

Table 1—Number of poor and poverty rates, by residence, 1989

Item	U.S. total	Metro			Non-metro
		Total	Central cities	Suburbs	
		Thousands			
Total poor	31,528	22,917	13,592	9,326	8,611
		Percent			
Poverty rates:					
Total population	12.8	12.0	18.1	8.0	15.7
People in families with a female head, no husband present[1]	35.9	34.5	42.6	24.8	41.7
Related children	51.1	50.3	59.2	37.9	54.7
People in married-couple families[1]	6.7	5.8	8.6	4.3	9.7
Related children	9.9	8.7	13.4	6.3	13.7
Unrelated individuals[2]	19.2	17.5	20.9	14.4	26.4
Whites	10.0	9.1	13.2	7.0	13.1
Blacks	30.7	28.9	33.1	20.2	39.6
Aged	11.4	10.0	13.2	7.7	15.3

[1]A family is a group of two or more related persons who live together.
[2]Unrelated individuals do not live with any relatives. They live alone or with nonrelatives.
Source: U.S. Department of Commerce, Current Population Survey, 1990.

Table 2—Poor people in female-headed families, by race and residence, 1989

Residence	All races	White	Black
		Thousands	
U.S. total	11,668	5,723	5,530
Metro	9,117	4,286	4,494
Central cities	6,140	2,387	3,544
Suburbs	2,977	1,900	950
Nonmetro	2,551	1,437	1,037

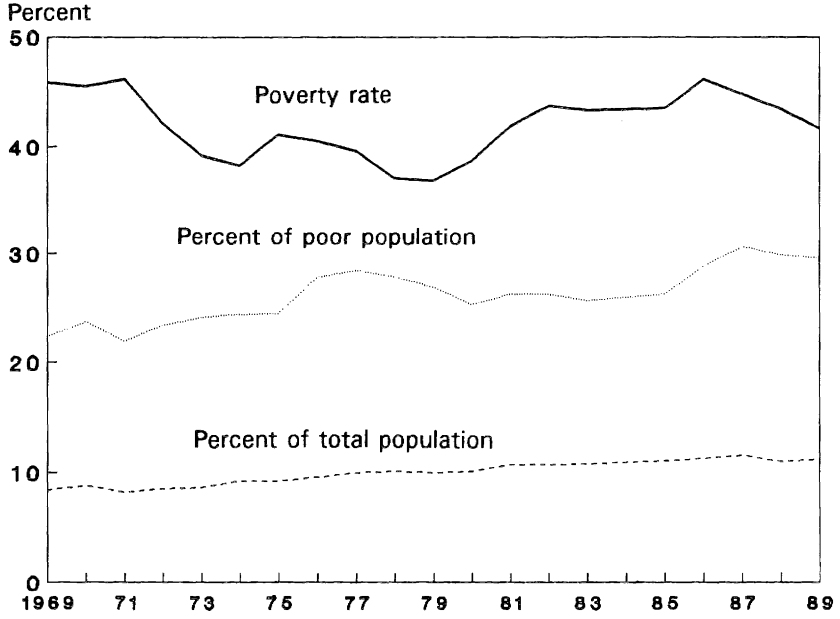
Source: U.S. Department of Commerce, Current Population Survey, 1990.

Poverty is a severe problem among nonmetro people in female-headed families. The 1989 poverty rate for people in this family type was 41.7 percent in nonmetro areas, practically the same as in central cities (table 1). In addition, nonmetro people belonging to female-headed families have a high poverty rate when compared with nonmetro unrelated individuals and people in married-couple families. The poverty rate for people in female-headed families has long been high in nonmetro areas, ranging between 37 and 46 percent during the last two decades (fig. 2). The share of the nonmetro poor living in this family type has risen over the years, reaching approximately 30 percent in 1989.

Economic and Social Differences

The large number of people in female-headed families alone is sufficient reason for examining the FSA's potential effectiveness in rural areas. But, other reasons also exist. Economic changes in recent years have resulted in high rural unemployment, which will make the success of the act more difficult in some localities. In addition, rural areas differ economically and socially from urban areas, which will make implementing the act different in the two areas.

Figure 2
Trends for nonmetro people living in female-headed families, 1969-89



Source: U.S. Department of Commerce, Current Population Survey, various years.

During recent decades, rural areas have become less dependent on natural resources and more dependent on employment in manufacturing and services, often in low-wage and low-skill jobs. These changes have made rural areas more subject to rapid shifts in technology and more sensitive to macroeconomic policy, business cycles, and overseas competition (Brown and others, 1988, pp. vii-xvi).

As a result of these changes, the unemployment rate was higher in nonmetro than in metro areas in the 1980's (fig. 3). The recessions of the early 1980's affected the nonmetro economy more seriously than the metro economy. Unemployment rates reached higher levels in nonmetro areas, and the nonmetro recovery was slower. The slow recovery was also reflected in the nonmetro poverty rate (fig. 1). The nonmetro poverty rate did not decline from its 1980's peak until 1987, years after the decline began in metro areas.

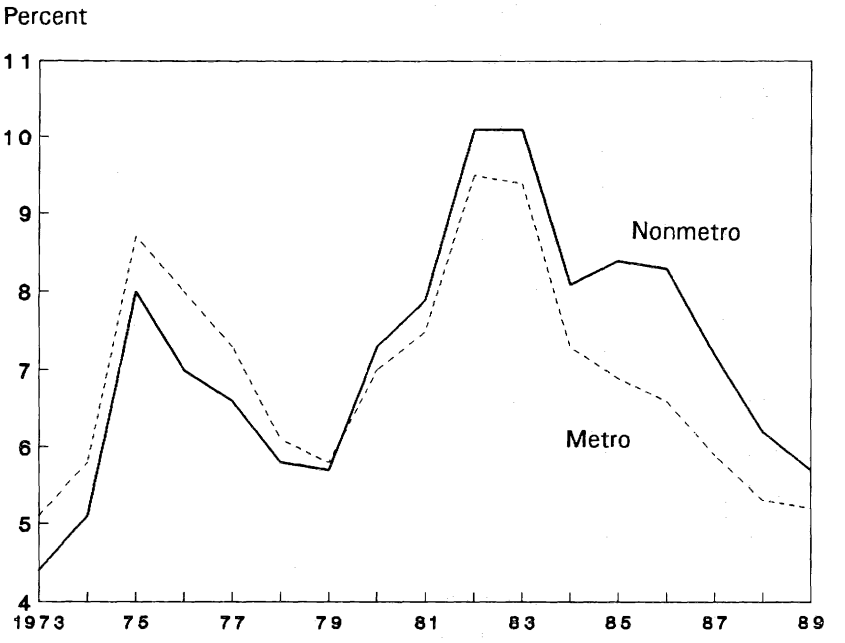
Poverty among nonmetro people in female-headed families is sensitive to unemployment. For example, about 42 percent of the year-to-year variation in the nonmetro poverty rate for people in female-headed families is explained by variation in the nonmetro unemployment rate.[7] The education and training offered by the FSA are important, but finding work for program participants may take a special effort in rural areas with high unemployment.

In addition to higher unemployment, rural areas have other economic characteristics that set them apart from urban areas. For example, the mix of industries in rural and urban areas is different (McGranahan, 1988), which will affect the type of work available to participants after leaving the JOBS program. As another example, rural areas tend to have less income and a lower tax base (Reeder, 1988, pp. 16-21). This could mean fewer local resources, such as specialized courses at schools, to use in implementing the FSA.

Some important rural-urban differences, however, are social or demographic rather than economic. For example, over 60 percent of the rural poor in female-headed families live in the South, compared with only 35 percent of the corresponding metro group (table 3). The

[7]The percentage is a R^2 from a simple regression. This analysis is simplistic, involving only two variables (the poverty and unemployment rates) and 17 observations (1973 through 1989). The results, however, point out the importance of the unemployment rate in nonmetro areas. Data are from the Current Population Survey (U.S. Department of Commerce, various years).

Figure 3
Metro and nonmetro unemployment rates, 1973-89



Source: U.S. Department of Commerce, Current Population Survey, various years.

southern concentration is particularly marked for nonmetro blacks, 97 percent of whom live in the South. As far as the rural poor are concerned, the South will have the most responsibility for implementing the act.

Differences in the types of poor families are also important. The FSA has the potential to alleviate poverty among the rural poor living in female-headed families. The effects of the FSA, however, will reach beyond female-headed families, because the act extends AFDC-UP to married-couple families in all States. This aspect of the act is potentially important to rural areas, since 51 percent of nonmetro poor children lived in married-couple families in 1989, compared with only 36 percent of metro poor children (U.S. Department of Commerce, 1990).

Rural areas have a different set of social service agencies with which to implement the act. Rural areas have fewer private social service providers than urban areas. Instead, they rely more heavily on services

provided formally by governments and informally by institutions not normally associated with social service delivery.

Note, however, that rural areas are not identical. Characteristics, such as the unemployment rate and the family structure of the poor, vary from place to place and will affect implementation in different ways in different rural areas.

Table 3—Distribution of poor people in female-headed families, by residence, region, and race, 1989

Residence and region	All races		White		Black	
	Number	Distribution	Number	Distribution	Number	Distribution
	Thousands	*Percent*	*Thousands*	*Percent*	*Thousands*	*Percent*
U.S. total	11,668	100.0	5,723	100.0	5,530	100.0
Northeast	2,105	18.0	1,280	22.4	712	12.9
Midwest	2,745	23.5	1,231	21.5	1,479	26.7
South	4,808	41.2	1,735	30.3	3,006	54.4
West	2,010	17.2	1,477	25.8	334	6.0
Metro	9,117	100.0	4,286	100.0	4,494	100.0
Northeast	1,901	20.9	1,095	25.5	693	15.4
Midwest	2,346	25.7	859	20.0	1,466	32.6
South	3,181	34.9	1,145	26.7	2,005	44.6
West	1,689	18.5	1,187	27.7	329	7.3
Nonmetro	2,551	100.0	1,437	100.0	1,037	100.0
Northeast	205	8.0	184	12.8	19	1.8
Midwest	399	15.6	372	25.9	13	1.3
South	1,627	63.8	590	41.1	1,001	96.5
West	321	12.6	290	20.2	4	.4

Source: U.S. Department of Commerce, Current Population Survey, 1990.

The Other Chapters

The remaining chapters explore rural-urban differences in greater detail. They examine various aspects of the FSA and characteristics of rural areas to help anticipate how the act will function in rural areas. The chapters emphasize the provisions of the act, the characteristics of rural families and economies, and the available rural social services. Each chapter is briefly summarized below. The authors represent a variety of disciplines, including economics, sociology, and social work, and bring different perspectives to the monograph.

Chapter II. The Family Support Act of 1988: A Historical Perspective

A detailed understanding of the act and its genesis is necessary before any discussions focusing on rural areas can begin. Skinner, Greenstein, and Steinmetz (Center on Budget and Policy Priorities) trace the history of welfare policy in the United States, and explain how the FSA came into being. They explain the provisions and major components of the act.

Chapter III. Rural Social Services and the Family Support Act

Ginsberg (College of Social Work, University of South Carolina) examines the nature of the social service delivery system in rural areas and its ability to respond to provisions of the FSA. Ginsberg describes the social service system and discusses whether it can provide the child care, transportation, and other services mandated for AFDC parents. He draws heavily from personal observations gained from practical experience in the social work profession, including 8 years as Commissioner of West Virginia's Department of Human Services.

Chapter IV. The Family Support Act and Aid to Families with Dependent Children: Implications for Nonmetropolitan Areas

Jensen and McLaughlin (Department of Agricultural Economics and Rural Sociology, Pennsylvania State University) examine the characteristics of nonmetro poor families with children, including their sources of income. They focus on the likely effects of the AFDC provisions of the act on nonmetro poor families, particularly in the South. They estimate the FSA's impact on the number of families eligible for AFDC and the number of families receiving income from AFDC.

Chapter V. The JOBS Program: Implications for Rural Areas

Whitener (USDA, Economic Research Service) discusses past employment programs, their successes and failures in rural areas, similarities between past programs and JOBS, and the expected operation of JOBS in rural areas. One unique feature of her chapter is its comparison of State JOBS plans.

Chapter VI. The JOBS Program and Local Rural Economies

Tootle (USDA, Economic Research Service) examines recent economic changes in rural areas and analyzes the characteristics of rural communities that will affect implementation of the JOBS program. The success of the program will depend, in part, upon local social and economic conditions. Finding employment for JOBS participants in depressed rural areas may be especially challenging.

Chapter VII. Summary: Potential for Success in Rural Areas

Deavers and I (USDA, Economic Research Service) summarize the discussions of the FSA presented in the other chapters. We use the information presented by the other authors to evaluate the likelihood of the FSA's success in rural America.

Chapter VIII. Beyond the Family Support Act

In the final chapter, Deavers and I discuss additional reforms to help the rural poor. The FSA is targeted largely at the poor in female-headed families, and the percentage of the nonmetro poor living in this family type has grown to 30 percent. This also means, however, that 70 percent of the nonmetro poor do not live in female-headed families. A logical next step is to examine ways to help more of the nonmetro poor. Our suggestions are constrained by some of the factors discussed above, particularly beliefs and the budget.

References

Beale, Calvin. "New Definitions for Metropolitan Areas," *Rural Development Perspectives*, Vol. 1, No. 1, Oct. 1984, pp. 19-20.

Brown, David L., J. Norman Reid, Herman Bluestone, David A. McGranahan, and Sara M. Mazie, editors. "Summary," *Rural Economic Development in the 1980's: Prospects for the Future.* RDRR-69. U.S. Dept. Agr., Econ. Res. Serv., Sept. 1988.

Deavers, Kenneth L., and Robert A. Hoppe. "The Rural Poor: The Past as Prologue," *Rural Policies for the 1990s.* Cornelia B. Flora and James A. Christenson (eds.). Boulder, CO: Westview Press, 1991.

Ellwood, David T. *Poor Support: Poverty in the American Family.* New York: Basic Books, Inc., Publishers, 1988.

Harrington, Michael. *The Other America: Poverty in the United States.* Baltimore, MD: Penguin Books, Inc., 1971.

Hoppe, Robert A. "Poverty in Rural America: The Statistical Evidence," *Outreach to the Rural Disadvantaged: Issues and Strategies for the 21st Century.* Ntam Baharanyi, Robert Zabawa, and Walter Hill (eds.). Proceedings of the 47th Annual Professional Agricultural Workers Conference, Tuskegee University, AL, Dec. 3-5, 1989.

Hoppe, Robert A., and Linda M. Ghelfi. "Rural-Urban Cost-of-Living Differences." Unpublished paper prepared at the request of the Assistant Secretary for Economics. U.S. Dept. Agr., Econ. Res. Serv., Aug. 1990.

Institute for Research on Poverty, University of Wisconsin-Madison. "Are We Losing Ground?" *Focus*, Vol. 8, No. 3, Fall and Winter 1985, pp. 1-12.

Katz, Michael B. *In the Shadow of the Poorhouse: A Social History of Welfare in America.* New York: Basic Books, Inc., Publishers, 1986.

_____. *The Undeserving Poor: From the War on Poverty to the War on Welfare.* New York: Pantheon Books, 1989.

Levy, Frank. *Dollars and Dreams: The Changing American Income Distribution.* The Population of the United States in the 1980s, A

Census Monograph Series. New York: Russell Sage Foundation, 1987.

Lower Mississippi Delta Development Commission. Human Services Section of Public Hearing in Monroe, LA, Jan. 24, 1990.

McGranahan, David A. "Rural Workers in the National Economy," *Rural Economic Development in the 1980's: Prospects for the Future.* David L. Brown, J. Norman Reid, Herman Bluestone, David A. McGranahan, and Sara M. Mazie (eds.). RDRR-69. U.S. Dept. Agr., Econ. Res. Serv., Sept. 1988.

Murray, Charles. *Losing Ground: American Social Policy, 1950-1980.* New York: Basic Books, Inc., Publishers, 1984.

Piven, Frances Fox, and Richard A. Cloward. "The Historical Sources of the Contemporary Relief Debate," *The Mean Season: The Attack on the Welfare State.* Fred Block, Richard A. Cloward, Barbara Ehrenreich, and Frances Fox Piven (eds.). New York: Pantheon Books, 1987.

Rank, Mark R., and Thomas A. Hirschl. "A Rural-Urban Comparison of Welfare Exits: The Importance of Population Density," *Rural Sociology*, Vol. 53, No. 2, Summer 1988, pp. 190-206.

Reeder, Richard J. *Rural and Urban Government Fiscal Trends, 1977-82.* Staff Report AGES880210. U.S. Dept. Agr., Econ. Res. Serv., May 1988.

Rich, Spencer. "House Offers to Cut Back Welfare Bill," *The Washington Post*, July 29, 1988, p. A3.

Rovner, Julie. "Congress Approves Overhaul of Welfare System," *Congressional Quarterly Weekly Report*, Vol. 46, No. 41, Oct. 8, 1988, pp. 2825-2831.

Salamon, Lester M. *Welfare: The Elusive Consensus.* New York: Praeger Publishers, Praeger Special Studies, 1978.

Solomon, Carmen D. *The Family Support Act of 1988: How It Changes the Aid to Families with Dependent Children (AFDC) and Child Support Enforcement Programs.* 88-702 EPW. The Library of Congress, Congressional Research Service, Nov. 7, 1988.

U.S. Department of Commerce, Bureau of the Census. *Poverty in the United States: 1987.* Current Population Reports, Series P-60, No. 163, Feb. 1989.

_____. 1990 Current Population Survey. 1990.

_____. Current Population Survey. Various years.

U.S. General Accounting Office. *The Urban Underclass: Disturbing Problems Demanding Attention.* Staff Study, GAO/HRD-90-52, Sept. 1990.

U.S. House of Representatives, Committee on Ways and Means. *Background Material and Data on Programs within the Jurisdiction of the Committee on Ways and Means.* WMCP 101-4. Prepared for the Use of the Committee on Ways and Means by its staff. March 15, 1989.

Williams, Robin M., Jr. *American Society: A Sociological Interpretation.* New York: Alfred A. Knopf, 1970.

Wolfson, M.C., and J.M. Evans. "Statistics Canada's Low Income Cut-Offs: Methodological Concerns and Possibilities." Discussion Paper. Statistics Canada, no date.

Appendix: Poverty Measurement and Cost-of-Living Differences

The poverty statistics discussed in this chapter are based on the official poverty definition used by the Census Bureau. A person is poor if his or her family income is below the poverty threshold appropriate for the size and type of his or her family (U.S. Department of Commerce, 1989, pp. 156-157). Separate thresholds exist for elderly and nonelderly individuals, for two-person families with and without an elderly head, and for families with different numbers of children. The thresholds are adjusted annually by the Consumer Price Index to reflect inflation.

Some analysts argue that rural poverty is not really as severe as the statistics indicate, because no adjustments are made in the poverty thresholds to reflect supposedly lower living costs in rural areas. Cost-of-living differences must be addressed if rural poverty statistics are to be credible.

Although rural areas are generally perceived as having a lower cost of living, it is difficult to ferret out systematic rural-urban differences in the cost of living. No index in the United States has ever measured cost-of-living differences between rural and urban areas. Household expenditures are lower in rural areas than in urban areas, but lower rural expenditures reflect more than lower prices for similar items. Because rural people have lower income, they may buy fewer or lower quality goods and services (Hoppe and Ghelfi, 1990).

Arbitrary or inaccurate cost-of-living adjustments to poverty statistics could introduce more problems than no adjustments at all. Canada's experience serves as a good example. Statistics Canada prepares "low-income cut-offs (LICO's)," the Canadian counterpart to the U.S. poverty thresholds. Using a simple statistical technique, the agency incorporated cost-of-living differences in the LICO's for places of different population size (Wolfson and Evans, n.d., pp. 29-31). The Canadian agency, however, recently proposed to drop the geographic variation:

> ...the relativities in the existing LICOs between rural and heavily populated urban areas appear too large. Furthermore, there is no agreed method for establishing such relativities, and the different methods available give very different results. The clearest and most simple response in the circumstance is that proposed--no adjustments for geographical differences. Users who feel such distinctions according to geographical area would be important are invited to make this known to Statistics Canada, and to indicate the methodology they would propose to be used (Wolfson and Evans, n.d., p. 67).

During technical discussions of cost-of-living differences, an important fact is often forgotten: the current U.S. poverty thresholds are not set very high. For example, the threshold for a family of three consisting of a mother and two children was $9,990 in 1989. It is difficult to imagine any place in the Nation where such a family could live lavishly on smaller amounts. Despite the lack of cost-of-living adjustments, the current poverty statistics are adequate to indicate poverty is a problem for rural people.

Chapter II

The Family Support Act of 1988: A Historical Perspective

Mary Skinner, Robert Greenstein, and Susan Steinmetz

The Family Support Act (FSA) of 1988 could substantially change our Nation's welfare system. The act aims to broaden the goal of Aid to Families with Dependent Children (AFDC) from income maintenance to helping families achieve self-sufficiency through education, training, and employment. The FSA represents a surprising degree of consensus on the direction welfare reform should take. The act, however, is only the latest event in the long history of the AFDC program. This chapter traces the history of welfare policy and explains how the FSA came to be. It also explains the provisions and major components of the act.

In the fall of 1988, after 2 years of heated debate, Congress enacted legislation that could substantially change our Nation's welfare system. This legislation, the Family Support Act (FSA) of 1988, grew, in part, out of concern over the sharp rise in poverty in this country over the past decade, particularly among families with children. By 1988, one of every five children in America lived in poverty (U.S. Department of Commerce, 1989).[1] Although conservatives and liberals disagreed in many ways about how to address such widespread poverty in America, both sides agreed that the current welfare system was doing too little to help poor families climb out of poverty.

[1]Names in parentheses refer to sources listed in the references at the end of the chapter.

The principal form of cash assistance for families with children to date has been Aid to Families with Dependent Children (AFDC). The FSA aims to broaden the AFDC program from its primary focus on income maintenance to a more expansive focus of helping families achieve self-sufficiency through education, training, and employment. The FSA recognizes that poor families often find it difficult to achieve self-sufficiency on their own. Many poor families need basic education and training to obtain the types of jobs that can lift them out of poverty. Thus, the FSA mandates that States offer education and other services to certain AFDC families.

The act also acknowledges other potential difficulties for poor families, such as affordable child care and child-support enforcement. In some cases, the lack of affordable child care can be an insurmountable obstacle for welfare mothers wanting to work. Thus, the act mandates that States guarantee child care for those AFDC parents who need child care in order to participate in education, training, or work programs. Since it can be difficult for a single mother to singlehandedly support a family, the act also requires States to strengthen child-support enforcement systems so that more money can be collected from absent fathers.

A detailed understanding of the act and its genesis is necessary before any meaningful discussions focusing on rural areas can begin. Chapter II provides this background information. The chapter begins by tracing the history of welfare policy in the United States, focusing on the AFDC program. It next shows how the FSA came into being during the late 1980's. The FSA represents a surprising degree of consensus among liberals and conservatives on the direction welfare reform should take. The chapter also summarizes and explains the provisions of the act. Full implementation of all the provisions will be difficult and will take time, especially where existing resources are strained.

The Origins of AFDC

A quick review of the history of welfare policy in the United States reveals that Americans have never much liked the idea of welfare. Our dislike of welfare seems to stem from an ingrained belief that anyone can "make it" in this country if he or she really tries. As a result, we have consistently endeavored to develop a welfare policy that assists only those poor who really "deserve" help and that does not contradict our faith in work and the ability to "pull yourself up by your bootstraps."

This inherent tension in our view on welfare is evident in the very origins of our modern welfare system during the Great Depression, when the Federal Government first became involved in welfare on a large scale. Until that time, the Federal Government had little involvement in providing relief to the poor; this responsibility was left instead to States and local communities. But as the official unemployment rate soared from 3.2 percent in 1929 to 24.9 percent by the summer of 1933 (Katz, 1986), the need for assistance went far beyond the capacities of States or communities to provide it.

Even in a time of such great need, the Federal Government was reluctant to provide "welfare" as such. Rather, most of the New Deal programs attempted to aid the poor in ways other than welfare. For instance, in order to provide jobs, rather than "the dole," President Roosevelt and Congress established work relief programs. To aid the unemployed and elderly, they established unemployment and Social Security Insurance. While these insurance programs did provide direct cash assistance to some who were poor, the programs were not considered welfare because beneficiaries did not have to pass an income test. These programs, financed with payroll taxes, were generally seen as entitlements for workers.

Only Aid for Dependent Children (ADC), later renamed AFDC, was set up to provide "welfare" to the nonelderly, nondisabled poor. ADC was intended to be only a temporary program to aid a small group of the poor: widows with children or mothers with disabled husbands. These women were deemed deserving of public assistance because it was believed that they, like other mothers of their day, should be able to stay home with their children.[2]

Today, the Federal Government funds AFDC on a matching basis with the States, providing on average just over half of total AFDC costs (U.S. House of Representatives, 1989). While most States also have General Assistance (GA) programs that provide cash and other direct assistance to the poor, these programs are typically quite modest and

[2]At this time, the Federal Government also extended substantial cash assistance to other "deserving" poor--the aged, blind, and disabled--through predecessors to the Supplemental Security Income (SSI) program.

often do not operate statewide.[3] Thus, AFDC remains the major form of cash assistance to poor families with children.

Rediscovery of Poverty and the War on Poverty

In the prosperity following World War II, most Americans thought little about the poor or assumed that economic growth was reducing poverty to low levels (Danziger and Plotnick, 1982). Meanwhile, the welfare system as established by the New Deal continued largely unchanged for two and a half decades. But in the early 1960's, however, Americans rediscovered poverty. While the poverty rate at that time was lower than in previous decades--22.2 percent in 1960 (U.S. Department of Commerce, 1989)--many Americans were shocked to read in books like Michael Harrington's *The Other America* (1971) how widespread and serious poverty still was.

In his 1964 inaugural address, President Johnson responded to this renewed concern about poverty and declared a "War on Poverty." His approach was consistent with Americans' historic dislike of welfare: he aimed to fight poverty by increasing opportunities for poor people rather than through the welfare system itself. Johnson's administration launched new community development programs, job training programs, and various education programs for disadvantaged students.

However, by the mid-1960's there was already some pressure to reform AFDC. Many observers criticized the low benefit levels provided to AFDC families. While benefits varied by State, in all but six States the benefits were inadequate to lift a family above the poverty line. In 1966, the average payment to a family of four was $144 per month, or $1,728 per year, while the official poverty line for a family of four was $3,355 (Patterson, 1981). Welfare rights groups also began to challenge the way the welfare system treated recipients: for instance, regulations (later struck down by the Supreme Court) to deny aid if welfare offices deemed the single mother employable.

---

[3]As of 1987, only eight States had GA programs with State benefit standards to provide cash assistance to people who are not disabled or elderly. Some 13 other States had State GA programs that were limited to disabled people. In an additional 16 States, counties or other local jurisdictions establish and operate their own GA programs. Some counties in some of these States offer fairly broad assistance, while other counties offer little assistance or have no program at all (Shapiro and Greenstein, 1988).

Meanwhile, AFDC caseloads were expanding dramatically, mainly because many more poor families became willing to apply for assistance. AFDC participation among eligible families increased sharply from an estimated 33 percent in the early 1960's to over 90 percent in 1971 (Patterson, 1981). As a result, the number of people (including parents and children) on AFDC more than tripled between 1960 and 1974, growing from 3.1 million to 10.8 million.

During the 1960's, many States also increased their AFDC benefit levels.[4] These increases, together with a sizable expansion of the Nation's Social Security system and strong growth in the economy in the late 1960's, helped to lift millions of Americans out of poverty. From 1960 to 1973, the poverty rate fell from 22.2 to 11.1 percent (U.S. Department of Commerce, 1989). Although poverty rates fell most dramatically among the elderly,[5] poverty also fell among families with children, particularly two-parent "working poor" families. The poverty rate among single-parent families also declined slightly but, at the same time, the proportion of families headed by a single parent rose. Since single-parent families have a substantially higher poverty rate than other families, the face of poverty was changing markedly: more of those left in poverty were from families headed by a single parent, typically female.

Meanwhile, concerns about the adequacy of welfare and pressure to expand it reignited the old tension between wanting to help the poor while also wanting to preserve the "work ethic." In the late 1960's and early 1970's, the welfare system was increasingly criticized for undermining the work ethic among welfare recipients. This criticism was spurred, at least in part, by the rapidly rising welfare caseloads.

In 1967, Congress passed legislation that established the Work Incentive (WIN) program, which built work incentives into the AFDC

---

[4]However, the most significant increase in direct assistance to poor families with children at this time came in the form of two in-kind (that is, noncash) assistance programs. In 1965, Congress enacted Medicaid, guaranteeing medical care for AFDC families. In the early 1970's, Congress and the Nixon administration also greatly expanded the Food Stamp program.

[5]Poverty rates among those over 65 years of age fell from about 34 percent in 1960 (Ellwood and Summers, 1986) to 14.6 percent in 1974 (U.S. Department of Commerce, 1989).

benefit structure. This legislation tried to use both rewards and penalties to encourage welfare recipients to work. For the first time, welfare recipients in all States were allowed to earn money without having their welfare checks reduced by the full amount of their earnings. Under the "thirty and one-third rule," welfare recipients could earn up to $30 per month without having their welfare check reduced at all, and they were allowed to keep one-third of any additional earnings over $30 a month. WIN also tried to use penalties to encourage work, by mandating that AFDC mothers with children age 6 and over participate in work or training programs to the extent that program slots were available. Those mothers refusing to participate in these programs would have their families' AFDC benefits reduced.

In practice, WIN's impact was limited by the fact that Congress failed to appropriate enough WIN funding to enable WIN penalties and requirements to apply to more than a modest portion of AFDC mothers. At its peak, WIN rarely served more than a third of those required to enroll (Gideonse and Meyers, 1988). Although WIN authorized all necessary funds to be appropriated, Congress did not treat it as an entitlement, and its funding shrank as deficit problems mounted and social program spending was reduced. From 1981 to 1988, WIN funding shrank from $365 million to $92.5 million (U.S. House of Representatives, 1988).

Attempts at welfare reform did not end with WIN, however. Following the establishment of WIN, Presidents Nixon and Carter attempted much more comprehensive welfare reform. They proposed welfare reform plans that would have been far more ambitious than the FSA. Although both proposals failed in Congress, they are significant from a historical point of view because they illustrated Congress' reluctance to spend major sums on welfare reform. They also illustrated the numerous political difficulties surrounding all major welfare reform proposals.

President Nixon's Family Assistance Plan (FAP), advanced in 1969, would have replaced AFDC, food stamps, and several other social welfare programs with a negative income tax for poor families. FAP reflected the Nixon administration's desire to establish a minimum benefit level for poor families across all States, to simplify the welfare system, and to set up a welfare system that rewarded work. FAP would have established a minimum standard benefit level across States, and then reduced benefits by 50 cents for every dollar the family earned. In this way, it would have allowed the family to keep much more of their earnings than the current system did. FAP also would

have imposed work requirements on certain employable welfare recipients.

The history of FAP, and its ultimate failure to win congressional approval, showed that there is no cheap way to build work incentives into the welfare system while maintaining a reasonable minimum level of support. For instance, even though FAP would have established a minimum benefit level that was quite low and then reduced benefits fairly sharply for poor families that had some income, the proposal still would have cost the Federal Government substantially more than the existing welfare system did. The Nixon administration estimated that its original FAP proposal would have cost an additional $4 billion for the first year of operation, which would have been an increase of nearly 100 percent over the existing $4.2 billion of Federal spending on public assistance (U.S. Senate, 1986).

FAP also illustrated some of the political difficulties that can surround welfare reform. For instance, FAP's proposal to establish a minimum benefit level across all States disturbed political interests on both sides of the debate. Some legislators from the South worried that FAP's benefit levels (more generous than their States offered) would threaten their region's low-wage structure and increase black political power. On the other side, despite the fact that FAP would have greatly increased the incomes of many welfare families, the National Welfare Rights Organization (NWRO) opposed FAP in part because it might have lowered recipient benefits for some in higher payment Northern States (Lynn and Whitman, 1981).

President Carter shared Nixon's desire to simplify the welfare system and to increase benefit levels in low-benefit States. In 1977, Carter proposed a major welfare reform package, the Program for Better Jobs and Income (PBJI), that resembled Nixon's FAP in a number of ways.[6] PBJI would have combined several direct assistance programs for the poor (including AFDC and food stamps) into a single cash payment system, and it would have set a nationally uniform minimum benefit. Also like FAP, Carter's welfare reform initiative sought to promote work among welfare recipients. In addition, PBJI would have directly provided jobs for some of those recipients who were expected to work.

---

[6]The following discussion of PBJI relies heavily on Heineman (1987).

Like FAP, PBJI met failure in Congress, in part because of its cost. The Congressional Budget Office estimated PBJI would cost $19 billion (in 1982 dollars) in its first year of operation in 1982. PBJI also suffered from many unresolved political conflicts over how to direct welfare recipients into jobs, whether to "cash out" the food stamps for welfare recipients, and whether work requirements should be mandatory. Although Carter tried to salvage his welfare reform attempt by proposing a redesigned and much more limited plan in 1979 (a proposal that would have cost only about one-third of the original plan), this revised proposal, like FAP, died in the Senate.

Increases in Poverty

Despite several attempts at comprehensive welfare reform during the late 1960's and 1970's (described above), only minor alterations in the welfare system were made. Meanwhile, progress against poverty largely came to a halt in the early 1970's. By the late 1970's, the overall poverty rate began to rise. After reaching an all-time low of 11.1 percent in 1973, and rising and falling slightly with recession and recovery from 1973 to 1978, poverty began to climb sharply (U.S. Department of Commerce, 1989). By the 1980's, this evident rise in poverty, particularly among children, was one of several forces that rekindled interest in welfare reform.[7]

A principal reason that progress against poverty halted was the stagnation of the economy itself. The economy grew rapidly in the 1950's and 1960's. But after the early 1970's, economic growth slowed, unemployment rose, and wages and family incomes stagnated or eroded. Historical trends show that when the unemployment rate rises, the poverty rate tends to rise along with it. The poverty rate also closely tracks median family income, which was stagnant throughout most of the 1970's and began to fall in the late 1970's (Ellwood and Summers, 1986).

Also contributing to the rise in poverty was a decrease in welfare benefits provided under the AFDC program. Starting in the early

---

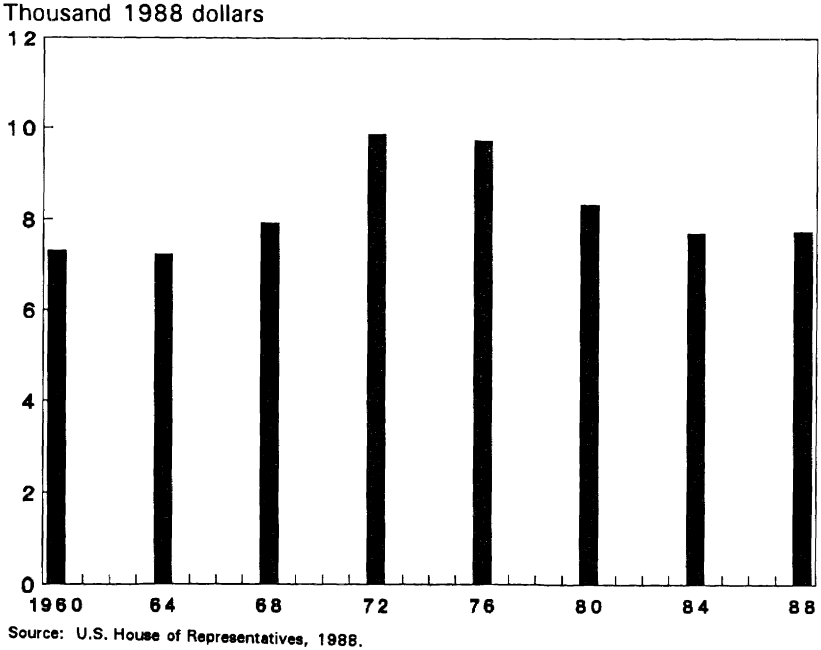
[7]Among families with children, progress against poverty had stopped even earlier, around 1969. From 1960 to 1969, the poverty rates among families with children had fallen substantially, from 19.7 percent to an all-time low of 10.8 percent. After that point, much of this gain began to erode. By 1980, the poverty rate among families with children had climbed back to 14.7 percent (U.S. Department of Commerce, 1989).

1970's, AFDC benefits began to fall behind inflation. From 1970 to 1980, AFDC benefits for a family of four with no other income fell 25 percent in the median State, after adjusting for inflation (U.S. House of Representatives, 1988). Although the main effect of this erosion was to make poor AFDC families even poorer, this erosion of benefits also dropped many additional families below the poverty line.

Another trend in the late 1970's was the rise in the number of poor single-parent families, mainly due to a rapid rise in the total number of single-parent families. Since single-parent families have a much higher poverty rate than other families, their rising numbers meant that more families (and more children) were poor. While some observers later argued that this rise in poor single-parent families was somehow caused by the expansion of welfare benefits in the 1960's, the data belie this claim. The rise in the number of poor single-parent families was part of larger trends related to divorce and marriage that extended far beyond the welfare system. The number of poor single-parent families continued to grow in the 1970's and 1980's, while welfare benefits declined. If expanded welfare benefits in the 1960's had caused more single-parent families to form during that decade, this pattern should have reversed in the 1970's when welfare benefits dropped. Instead, the pattern continued (see figs. 1 and 2).

Figure 1

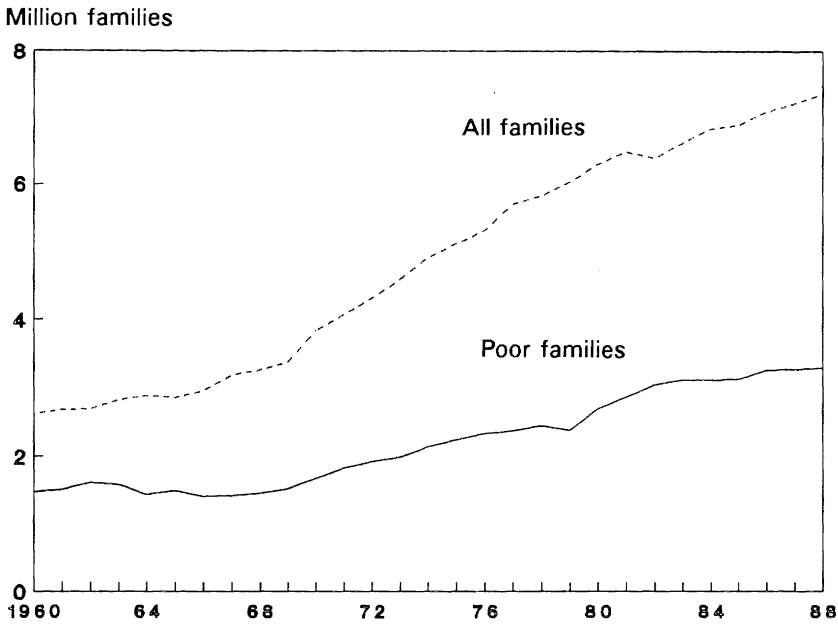
Average annual benefit levels for a family of four: AFDC plus food stamps, 1960-88



Source: U.S. House of Representatives, 1988.

Figure 2

Female-headed families with children below the poverty line, 1960-88



Source: U.S. Department of Commerce, 1989.

Furthermore, after the early 1970's, the increase in single-parent families was not even accompanied by an increase in the number of families on AFDC. From 1972 to 1984, for example, the number of black children in single-parent families rose 25 percent, but the number of black children on AFDC dropped 15 percent, strongly indicating that welfare was not driving the increase in out-of-wedlock births (Ellwood, 1988). Research has also shown that welfare benefit levels have little effect on whether unmarried women choose to have children (Ellwood and Bane, 1984).

Retrenchment

The 1980's brought a new series of developments as the Reagan administration sought to make substantial reductions in various government programs, including welfare programs for low-income families. In 1981, Congress responded to administration proposals by passing a comprehensive package that reduced Federal support for a

wide array of social programs, including AFDC, Medicaid, food stamps, and the school lunch program. Among its many changes, this 1981 legislation reduced the work incentives built into AFDC under the thirty and one-third rule explained earlier. It also significantly lowered the income standards for AFDC eligibility.

By the mid-1980's, it was apparent that these spending reductions had contributed to increases in poverty (from studies by the General Accounting Office, the Congressional Research Service, the Urban Institute, the Congressional Budget Office, and others). Congress responded by retracting some of the cuts, restoring some benefits in AFDC in 1984 and 1988, restoring some benefits in the Food Stamp program in 1985, 1987, and 1988, and expanding Medicaid coverage to more low-income pregnant women and young children. Still, these benefit restorations did not fully erase the effects of the more substantial cuts in 1981, especially in AFDC. Meanwhile, AFDC benefit levels in most States continued to lose ground to inflation in the 1980's.

As a result of this retrenchment at both the State and Federal levels, many families that would have been lifted out of poverty by government benefit programs around the beginning of the decade now remained in poverty. Census data show that, in 1979, some 18.9 percent of the families with children that were poor before receiving government cash transfers were lifted from poverty by these benefits. In 1987, only about 10.5 percent of such families were lifted out of poverty by these same government assistance programs (Center on Budget and Policy Priorities, 1988).

Despite economic recovery, poverty remained at high levels, declining less than in previous recoveries. Poverty persisted in part because, despite the recovery, real wages continued to decline. In 1988, the average hourly wage paid to nonsupervisory workers (after adjusting for inflation) was lower than in any year since at least 1970. The decline in wage levels was greatest for those lacking much education or basic skills. These individuals found it increasingly difficult to find jobs that lifted them and their families out of poverty.

As a result of several factors, including economic trends, the retrenchment in social welfare spending, and the continued trend toward single-parent families, the poverty rate was higher in 1988 than it had been in any year in the 1970's, including the years of the 1974-75 recession. Those who were poor had grown poorer. The amount by which the average poor family fell below the poverty line was larger

in 1988 (after adjusting for inflation) than at any other point in the 1970's or 1980's.

The Emergence of the Family Support Act

Welfare reform reemerged on the national political scene in 1986 with President Reagan's State of the Union Address. In this speech, Reagan said that a thorough reexamination of the welfare system was needed and directed his Domestic Policy Council to propose improvements. In the aftermath of this speech, a number of both conservative and liberal task forces were formed to examine the welfare system and propose reforms to it.

Although these task forces represented differing views, there was a surprising degree of consensus among them about some of the directions reform should take. For instance, most of the task forces agreed that the welfare system should do more to help families become self-sufficient, that inadequate education and skill levels were contributing to the problem of long-term welfare dependency, and that child-support collections from absent fathers were inadequate. Several task force reports also pointed to the concept of "reciprocal responsibilities" for both Government and welfare recipients. That is, the Government should be required to provide certain opportunities and supports to welfare families in order to help them climb out of poverty, and at least some welfare recipients should be required to participate in work or training.

Discussions about welfare reform at this time also benefited from research that improved our understanding of the nature of poverty and welfare dynamics in the United States. For instance, the work of Harvard researchers Mary Jo Bane and David Ellwood dispelled the myth that welfare rolls consist largely of people who never work and never leave welfare. In fact, the large majority of people who go on welfare remain on welfare for a short period of time. For most families who go on welfare, welfare is a transitional means of support following some economic hardship, such as the loss of a job, birth of a baby, or loss of a spouse (Bane and Ellwood, 1983).

However, the same research confirmed that long-term welfare recipiency is a significant problem. Approximately one out of every six AFDC recipients stays on welfare for 8 consecutive years or more. Because of their long stays, these families cost the welfare system about 60 percent of its total costs. Just as important, this research also

found that many who do manage to leave AFDC remain poor. Nearly 40 percent were still poor 2 years later. Even among those recipients who worked their way off welfare (as opposed to leaving AFDC for other reasons, such as a change in family or marital status), the proportion that was still poor was only slightly lower, about one-third. These findings highlighted the need to address not only the problem of long-term recipiency, but also that of long-term poverty.

Other research suggested that education and training are becoming increasingly important in helping disadvantaged populations do well enough in the labor force to escape poverty. In 1987, the Hudson Institute published *Workforce 2000* (Johnston and Packer, 1987), a report which argued that education and basic skills will become increasingly important for the jobs of the future. Since almost half of all welfare recipients do not have a high school diploma, this research strongly suggested that education and training could be essential to helping welfare families become self-sufficient.

By the mid-1980's, it was also apparent that the structure of American families had changed radically since 1935, when the current welfare system was established. In 1935, mothers were not expected to work, and ADC was set up to enable widows to remain at home with their children. In the mid-1980's however, most mothers did work, at least part-time. Furthermore, most children in welfare families had both parents alive. Attempts could be made to have both parents contribute to their children's support.

The social welfare system had only partially responded to these changes in the economy and in family life by the mid-1980's. Despite the limited attempts in the 1970's to set up a welfare system more conducive to work among welfare recipients, in most places the welfare system still did relatively little to help single mothers move into employment. In fact, the welfare system presented some real roadblocks to work. For instance, welfare families usually would lose Medicaid benefits immediately upon moving off welfare. Since few welfare recipients could find a first job off welfare that either included medical insurance or paid enough so the family could buy insurance, many families faced the choice of staying on welfare or losing all health care coverage. There was also little financial incentive for welfare mothers to engage in part-time work, which was the norm for other mothers with young children. As part of the 1981 changes in AFDC, Congress and the Reagan administration had limited the thirty and one-third rule to a period of 4 months. This meant that after 4

months, welfare mothers who worked might be little or no better off than those who did not.

Likewise, child-support enforcement generally was not adequate to ensure that single-parent families, particularly poor ones, obtained support from the absent parent (usually the father). As of 1985, only about half of all single parents had a child-support award in place, and only about one-third actually received any payment. For never-married mothers, who comprise much of the AFDC population, child-support collections were even more rare: only 18 percent of these mothers had awards and only 11 percent actually received payments. Even when custodial parents did get child-support payments, it was often not much money. In 1985, the average yearly payment to all women who received payments was approximately $2,300, and for never-married women, it was just over $1,100 (Ellwood, 1988).

The Role of the States

While discussions about welfare reform grew more frequent at the national political level, strong impetus for welfare reform was also coming from the States. A number of States had begun operating welfare-to-work demonstration projects in the early 1980's. Many of these State demonstrations were evaluated by the Manpower Demonstration Research Corporation (MDRC), a nonprofit research organization. The MDRC evaluations showed that welfare-to-work programs could increase the employment rates and earnings of participants over what these participants would have in the absence of the programs. These findings increased interest at the national level in welfare-to-work programs.

However, the increases in employment and earnings were smaller than many program administrators had hoped. MDRC found that in successful programs the average earnings of participants increased only $100 to $560 a year over what these participants would have earned without the program (Gueron, 1987), hardly enough to lift most welfare families out of poverty. Successful welfare employment programs increased employment rates by only 3 to 9 percentage points over what participants were likely to achieve without the program.

The welfare-to-work programs achieved only modest success in earnings and employment across all recipients, in large part because many AFDC recipients were short-term recipients who found

employment on their own.[8] Programs proved to be most effective for participants in the "middle" in terms of their employability. The programs had little effect on those AFDC recipients considered most employable, largely because these recipients did just as well in finding jobs on their own, without the assistance of a program. The programs also had little effect on the least employable group. This appears to be because these programs did little to overcome the job barriers faced by the least employable recipients, including serious education and skill deficits (Friedlander, 1988). These findings, while pointing to the possible benefits of welfare-to-work programs, also suggested the need to focus services on more disadvantaged recipients and to provide these recipients with more intensive services, such as remedial education and basic skills and occupational training, to overcome the barriers to employment they face.

Some State experiments also yielded other lessons. For instance, a few States were successful in setting up stricter statewide child-support enforcement systems. Other State experiments also showed that State welfare offices could play a much greater role in providing welfare families with needed support services, especially child care and transportation.

Consensus and Compromise

By 1987, when Congress once again debated welfare reform, there was consensus around several issues. Most policymakers agreed that the welfare system should do more to promote self-sufficiency through a combination of State-provided services and responsibilities on the part of welfare recipients. Many members of Congress also agreed on the particular need for educational services and some support services for welfare families. And, many policymakers became convinced of the need to focus more services on those likely to become long-term welfare recipients. Finally, there was uniform agreement that child-support enforcement should be improved.

---

[8]For instance, in one program that MDRC studied in San Diego, 61 percent of the recipients who participated in the welfare employment program subsequently found employment, but so did 55 percent of the recipients who had been placed in a control group and had not been included in the program. This program thus generated an employment gain of 6 percentage points.

Still, substantial areas of disagreement remained. For instance, while all sides agreed that States should be required to operate welfare-to-work programs, Congress sharply debated what these programs should be like. As explained above, the State experiments suggested that welfare-to-work programs should be more intensive and more targeted on the neediest welfare recipients. Yet, many policymakers were also interested in programs that served large numbers of recipients and quickly reduced the welfare rolls. The Federal budget deficit made this conflict particularly bitter, since it seemed unlikely that Congress would provide sufficient funding to offer both intensive services and services for large numbers of welfare families.

Work requirements were another area of sharp debate, especially with regard to mothers with young children. Related to this were disagreements on what sort of support services, such as child care, States should provide to welfare mothers moving into work. And a major conflict remained about whether to require low-benefit States to raise their AFDC benefit levels and whether to require all States to extend AFDC to two-parent families in which the major wage earner was unemployed. (In 1988, only slightly over half of the States covered two-parent families.)

In the end, welfare reform passed Congress only after a great deal of compromise, and the final legislation reflects numerous visions of welfare reform. For instance, the FSA contains provisions designed to ensure that States target a majority of their services on the more disadvantaged recipients, but it also contains provisions to ensure that a certain proportion of all welfare recipients receive services. The FSA similarly embraces both the desire to force welfare recipients to work and the notion that, in return, States should provide welfare recipients with certain services. The act mandates that single mothers with relatively young children (3 years and over) must participate in these programs, with the stipulation that States can mandate participation by mothers with children under age 6 only if appropriate services, including child-care services, are available.

Attempts to raise benefit levels failed largely because of worries about the total cost of the legislation, as well as adamant opposition to these proposals from the White House and some States, and a general lack of political will in Congress to raise benefit levels. Raising benefit levels would have helped the rural poor in particular, since many of the rural poor live in low-benefit States. However, FSA does mandate that all States extend AFDC coverage to two-parent families, although it allows them to do so on a somewhat limited basis (for a period as short as 6

months). The act is estimated to cost the Federal Government an additional $3.3 billion over 5 years (Congressional Budget Office, 1989), a substantially lower amount than either the Nixon or Carter plans would have spent in a single year.

Summary of the Family Support Act of 1988

In its final form, the FSA reflects a consensus that the welfare system should do more to help welfare families become self-sufficient, but it also reflects considerable compromise over the details of how to achieve this goal. The act presents State welfare systems with numerous opportunities to focus on helping families achieve self-sufficiency and to offer families needed services, including education, job training, child-support enforcement, and various support services. The act's focus on providing more services to families most in need represents significant progress over past efforts.

The act's impact will be limited by several factors. Even if States come up with enough of their own funding to obtain maximum Federal matching funds, the FSA will provide enough funding to offer these services to only a portion of welfare families. Many States may be unwilling or unable to come up with these additional funds.

The FSA also contains many unknowns and even some potential dangers. It is not known, for example, how the requirement that mothers with young children work or participate in training will affect the children in these families, especially since it is not known what types of child care and other support States will provide these families. If, for example, children are placed in inadequate child care, the FSA could risk doing harm to some families and children that it intended to help. In addition, States risk squandering scarce resources if they place welfare recipients in programs that do not serve the recipients' needs. This risk will be greater if States choose to offer relatively nonintensive services to large numbers of recipients and fail to offer the more intensive services that recipients with the greatest barriers to employment seem to need.

The ultimate effects of the FSA will depend on how individual States and localities actually implement the act. Different areas and localities may vary greatly in their ability to take advantage of the opportunities FSA poses. Poor States or rural areas, which tend to have relatively fewer services or services that are more geographically dispersed, will face far greater challenges.

The provisions of the act relating to five key areas are summarized below. The five key areas are: (1) the Job Opportunities and Basic Skills Training (JOBS) program, (2) the law's targeting and participation requirements, (3) the array of support services the law mandates, (4) the act's child-support enforcement provisions, and (5) the extension of AFDC coverage to two-parent families.

JOBS Program[9]

The centerpiece of the FSA is its JOBS program. The FSA requires each State to establish a JOBS program, which must include a wide range of activities such as education, job skills training, job placement, work activities, and other programs to help participants prepare for work.

The JOBS program presents States with several important opportunities to improve services to AFDC recipients. First, the funding provided for JOBS represents a significant increase in Federal funding for welfare-to-work programs. Federal funding for the WIN program was $92.5 million in fiscal year 1988. By contrast, under JOBS, up to $800 million in Federal funding is available in fiscal year 1990 and up to about $1 billion in subsequent years. To receive the maximum Federal funding, however, States must match most of these funds and meet Federal targeting and participation requirements (as explained below). The maximum Federal matching rates for JOBS will vary by State but, for the bulk of JOBS funding, maximum Federal matching rates will range from 60 to 80 percent.[10]

---

[9]Chapter V focuses on the operation of the JOBS program in rural areas.

[10]The FSA provides Federal JOBS funding to States as a capped entitlement, contingent upon how much money States put in. For an amount equal to each State's fiscal year 1987 allocation for the WIN program (WIN funding totaled $126 million nationwide in fiscal year 1987), the Federal matching rate will equal 90 percent (that is, a 90-percent contribution will come from the Federal Government and 10 percent from State governments). Additional Federal funding for JOBS will be available up to the capped entitlement level for each State, which is set on the basis of each State's relative share of the adult AFDC population. The Federal matching rate for additional funding used for program services will be the higher of the Medicaid matching rate for the State or 60 percent. The matching rate for all administrative costs is 50 percent.

In addition, JOBS places strong emphasis on education. The FSA mandates that each State's JOBS program include an array of educational services that, at a minimum, must consist of high school or equivalent education programs, basic skills training, and training in English as a second language. States can also opt to offer other educational programs under JOBS, including higher education. In general, education will be required for parents under 20 years of age who have not completed high school or its equivalent. For parents age 20 and over in the JOBS program, education is required if they lack a high school diploma unless they can demonstrate a basic literacy level or an employment goal that does not require further schooling.

FSA's focus on education is important because it could help welfare recipients obtain the skills they may need to become self-sufficient. As of 1987, nearly half of AFDC mothers for whom educational attainment was known had not completed high school.[11] Many welfare recipients are also known to lack basic skills (Berlin and Sum, 1988). For the individual who does not finish high school, employment prospects are increasingly bleak: as of 1984, the median annual earnings of young adults who had not finished high school was only $6,552, a figure which dropped by 42 percent in real terms over the previous decade.[12] Further, workforce trends suggest that the difficulties facing the undereducated will continue to worsen because the basic skill requirements of many jobs are rising, and fewer new jobs are likely to be created for those with only low skills levels (Johnston and Packer, 1987).[13]

A State's JOBS program must also include an array of other services, including jobs skills training and job development and placement, to help welfare recipients participating in the program move into employment. In addition, State programs must include at least two work-related programs, such as on-the-job training (OJT), a work supplementation program (in which a participant works in a job that is

---

[11]Educational attainment was known for 40.3 percent of all AFDC mothers (U.S. House of Representatives, 1989).

[12]Young adults here refers to those 20 to 24 years old (Berlin and Sum, 1988).

[13]For a more complete discussion of the impact of education and workforce trends on the welfare population, see Porter (1990).

subsidized by all or part of the participant's AFDC grant), or unpaid work experience. The FSA also stipulates that States offer the JOBS program on a statewide basis. Although certain exemptions are possible, JOBS will likely be offered in many more rural areas than previous welfare-to-work programs.[14]

In addition to expanding the range of services available to some welfare families, the JOBS program could also help States improve their overall service delivery systems. In particular, JOBS offers States opportunities to improve the ways in which they work with individual families to assess those families' particular needs and to link family members up to appropriate services. Each State's JOBS program must include an initial assessment component that considers a participant's skills, prior work experience, and the family's support service needs (such as child care, transportation, and possibly other needed social services). JOBS also gives States the option of offering case management services to welfare families.[15] Under a typical case management system, a case manager would work with a family on an ongoing basis to identify problems and help the family find needed services.

The JOBS program also seems likely to improve coordination of welfare departments with other service delivery systems. At the State level, each State's governor must assure that the JOBS program is coordinated with Job Training Partnership Act (JTPA) programs and other relevant employment, training, and education programs. At the local level, the JOBS program will probably encourage welfare departments to work more closely with other service deliverers in the community than they have in the past, particularly if States opt for a case management system. Because many welfare families face complex and multidimensional problems that extend beyond the capacities of welfare departments to handle alone, coordination with other service deliverers could be critical in helping poor families achieve self-sufficiency.

---

[14]The FSA mandates that States establish a JOBS program in each subdivision of the State where it is "feasible." A State must provide justification to the Secretary of Health and Human Services if its JOBS program is not to be available statewide.

[15]That is, case management services would be eligible for Federal matching funds under JOBS.

All of these aspects of the JOBS program make it likely that JOBS will provide at least some AFDC families with the services and support they need to become more self-sufficient. Yet, limitations to the JOBS program should also be noted.

First, there is a danger to overestimating what education and training programs can accomplish by themselves. As noted earlier, while education and training may be necessary components of efforts to move welfare families out of poverty, even successful training programs have tended to increase participants' earnings and employment rates only modestly. While the JOBS program, with its greater emphasis on education and skills training, could prove somewhat more effective than past welfare employment programs, we should still not expect too much from education or training alone. To move significant numbers of welfare families off the poverty rolls as well as the welfare rolls, even intensive education and training services may need to be complemented by wage supplements for working-poor families (for instance through an expanded earned income tax credit) and possibly a higher minimum wage.

A great deal of the JOBS program's ultimate impact will also depend on how States implement JOBS. Because FSA provides Federal funding on a matching basis, spending on JOBS is likely to vary greatly by State. The way in which States spend JOBS resources is also likely to vary. As noted earlier, there appears to be a need for relatively intensive programs targeted at the more disadvantaged recipients. Although FSA includes provisions to encourage States to target many of their resources on the most needy, States will have substantial leeway in their JOBS programs. The success of JOBS also will depend in part on the services that already exist within individual communities and the ability and willingness of welfare offices to reach beyond traditional bureaucratic boundaries to access these services.

Participation and Targeting Requirements

There was substantial disagreement in Congress over the tradeoff between providing intensive (and therefore expensive) services to the neediest families and the goal of serving many people. This tradeoff was complicated by the desire of some policymakers to mandate work or training for a broad group of welfare recipients, since training or work programs obviously cannot be broadly mandated unless such services are widely available.

The final version of the FSA tries to compromise on these tradeoffs by pursuing all three of these goals at once. Through targeting provisions, the act pushes States to target a majority of their JOBS resources on the neediest recipients. At the same time, the act establishes participation quotas to ensure that States' JOBS programs serve certain minimum numbers of AFDC families. Finally, the act stipulates that, to the extent resources allow, certain AFDC recipients must participate in JOBS.

From a historical point of view, several aspects of these provisions are striking. For instance, FSA's targeting provision says that States must spend at least 55 percent of their resources on long-term or likely long-term welfare recipients. This represents a significant shift in focus toward the problems of long-term welfare dependency. FSA's participation requirements are also a significant departure from previous law. FSA says that mothers whose children are at least 3 years old must participate in JOBS (with a few exemptions). Previous law exempted from work requirements all AFDC recipients with children under age 6. Under the FSA, States also have the new option of mandating participation for recipients whose children are just 1 year old or older.

The stringent new participation requirements for teen parents are especially striking. Teen parents, unlike older welfare recipients, generally must participate in the education component of JOBS, no matter how young their children or newborns are. The effect that this provision will have on young families is unknown, particularly since it is unclear what type of supports States and localities will provide and what types of alternative educational settings may exist.

The law's participation quotas are also unprecedented. By fiscal year 1995, 20 percent of the total AFDC population potentially subject to mandatory participation requirements in a State must actually participate in the State's welfare employment program. While these participation quotas may not appear excessively high, in practice they could turn out to be far more stringent than they seem. When fully phased in, these quotas entail serving far more welfare families than most State welfare-to-work programs have succeeded in doing in the past. Even with the influx of new Federal funding, these quotas could strain State resources. In addition, the way in which JOBS defines

"participation" is likely to mean that States have to serve significantly larger numbers of recipients to reach these participation quotas.[16]

FSA's participation quotas and the targeting requirements simultaneously push States in different directions. If the participation quotas ultimately prove too stringent for some States, these States could respond by watering down services in order to serve larger numbers of recipients more cheaply. To meet the law's new requirements, States also could end up mandating that welfare recipients, especially those with the most serious barriers to unemployment, participate in programs that do not serve their needs.

Support Services

The support services that the FSA guarantees are a critical complement to the JOBS program. Many families need support services like child care or transportation in order to be able to work or attend training programs. In recognition of this need, the act greatly expands the Federal commitment to fund such services, and it stipulates that States cannot compel welfare families who do not receive such services to participate in work or training. For areas lacking an adequate supply of needed services (such as transportation or child care), this new Federal funding could be important in establishing new services. On the other hand, even with new Federal funding, many areas may still have difficulties providing such services to recipients (for instance, rural areas where the population and services are spread out over a wide geographic area).

The act also incorporates the idea of guaranteed transitional benefits, or supports like medical insurance and child care for a year after a family leaves welfare due to employment. And, as noted earlier, the optional assessment and case management provisions of the act may also help State welfare departments better identify other service needs of AFDC families.

---

[16]States will have to meet participation quotas on an average monthly basis rather than on an annual basis. Ensuring that 20 percent of mandatory AFDC recipients participate in some JOBS component in an average month is considerably more difficult than ensuring that 20 percent participate at some point during the year. On a monthly basis, difficulties may arise, for example, when recipients complete one activity and wait to be placed in another, or when recipients leave AFDC on their own before they can be placed and participate fully in a JOBS component.

Child Care and Transportation

While some previous welfare-to-work programs have helped participants find or pay for child care, the FSA goes much further by mandating that States establish child care as an entitlement for any AFDC family needing it for work, education, or training. To fund this entitlement, the law guarantees unlimited Federal matching funds at a rate equal to the State's Medicaid matching rate. The act gives States considerable leeway to decide how they will provide welfare families with child care. For instance, State welfare departments can directly provide child care themselves, can contract with other agencies to provide this care, or can give welfare families vouchers or reimbursements that allow each family to purchase child care on its own.

In addition to child care, the FSA requires States to reimburse welfare families for any transportation they need in order to participate in JOBS programs. If States fail to meet their obligations for both child care and transportation, welfare families are exempt from JOBS participation requirements. In rural areas, these services may be particularly difficult to arrange.

Transitional Benefits

Because many of the jobs available to welfare recipients are low-wage with few benefits, families often need certain support services even after they move off welfare and into employment. To help ease these families' transition into work, the FSA guarantees transitional child-care and medical benefits for up to 1 year for any AFDC family leaving the welfare rolls because of employment (that is, not just for JOBS participants). During this transitional period, families will be required to pay for child care on a sliding fee scale to be established by the State. For health benefits, FSA requires States to automatically extend Medicaid coverage for the first 6 months to families leaving welfare. States also must continue to provide medical insurance to these families for an additional 6 months if the families have income less than 185 percent of the poverty line. For families with incomes above the poverty line, States can impose modest health care premiums during the second 6-month part of the transition year.

Child-Support Enforcement

The child-support enforcement provisions of the act are likely to be as important as the JOBS program in helping families move out of

poverty. These provisions could provide a long-term source of income to a number of single-parent families because they are designed to ensure that more absent parents (typically fathers) share responsibility for supporting their children.

The pre-FSA child-support system was beset with serious problems. For instance, awards usually were not in place, and if they were, they were typically low and often unpaid. In 1984, Congress took some steps to improve child-support enforcement, including requiring States to impose automatic wage withholding on absent parents who were delinquent at least 1 month in making child-support payments and requiring States to establish uniform (but voluntary) guidelines for courts to use in determining child-support awards.

The FSA further improves the child-support system for both AFDC and non-AFDC families. First, for all AFDC cases starting in 1990, and for all other new awards starting in 1994, States must impose automatic wage withholding whether or not the parent is delinquent in payment. Second, States are required to establish mandatory guidelines that courts must use in establishing child-support awards, unless the court can document a good reason to deviate from the standard formula. Because current awards are typically inadequate, this provision could substantially increase the size of many child-support awards. The FSA also takes important steps to improve efforts to find absent parents and to establish paternity, for instance by requiring States to obtain the Social Security numbers of parents when issuing birth certificates.

AFDC for Two-Parent Families

Prior to passage of the FSA, only 27 States plus the District of Columbia offered AFDC benefits to two-parent families where the main breadwinner (typically the father) was unemployed. During the debates on the FSA, many lawmakers pushed for legislation requiring all States to extend AFDC benefits to these two-parent families. These lawmakers argued that it makes no sense to punish poor children by denying them public assistance just because their families are "intact" (that is, both parents live together).

By extending coverage to two-parent families in which the major wage earner is unemployed, the AFDC-UP (AFDC for Unemployed Parents) program tries to eliminate financial incentives for two-parent families to break up or not to form in the first place. FSA's provisions regarding two-parent families reflects yet another compromise. FSA requires those States that did not already have AFDC-UP programs to establish

these programs, but it allows new programs in these States to operate on a somewhat limited basis. The act requires States that did not already have AFDC-UP to offer it to qualified families for a minimum of 6 months out of any 12-month period. If a State chooses to "time-limit" its AFDC-UP benefits in this way, and to cut eligible families off after 6 months, the State must continue to provide Medicaid benefits to two-parent families being cut off AFDC if these families continue to meet all other AFDC eligibility requirements. (In those States that already were operating AFDC-UP programs at the time FSA was enacted, these programs must continue to provide AFDC benefits to qualifying families for all 12 months of the year.) Through extending AFDC-UP to all States, it is estimated that FSA will add between 65,000 to 105,000 poor two-parent families to AFDC (Congressional Budget Office, 1989).

FSA also requires States to meet stiff participation quotas regarding the enrollment of the two-parent families in welfare employment programs. As of fiscal year 1994, some 40 percent of the AFDC-UP families in a State must participate in a JOBS work component, with this quota climbing to 75 percent by fiscal year 1997. To count toward these quotas, at least one parent in a two-parent family must take part in a work-related activity such as on-the-job training or a community work experience program for at least 16 hours per week. (In contrast to the requirements for single-parent families, participation in education and skills training does not count toward the work requirement quotas for two-parent families, unless States opt to allow parents in these families who are under age 25 and have not completed high school to participate in education in lieu of the work requirement.)

These stringent participation quotas for the AFDC-UP program were included in the FSA primarily because the Reagan administration threatened to veto the bill without them. These requirements had been opposed by many Governors and members of Congress who were concerned that if States had to mount workfare or similar work programs for large numbers of two-parent families, States would have fewer funds remaining to provide the intensive (and hence costly) services needed by disadvantaged single-parent families likely to benefit more from being served. Research findings in this area indicate that fathers receiving AFDC-UP benefits are among the most job-ready of all AFDC recipients, and are likely to find jobs on their own and move quickly off AFDC. Most welfare employment programs for AFDC-UP families have had little or no effect in increasing employment or earnings among this group.

Conclusion

The FSA of 1988 thus incorporates numerous, and occasionally conflicting, visions of welfare reform. On the one hand, the act reflects the view that at least some welfare recipients ought to be required to work or prepare themselves for work, and it mandates work, education, or training for a much broader group of welfare recipients than in the past. On the other hand, the act also reflects the understanding that poverty has complex causes which may have little to do with people's willingness to work, including low-wage jobs for people with little education and barriers to employment like the lack of affordable child care. Thus, the FSA requires States to provide a range of services, including education and training services, improved child-support enforcement, and child care. The act tries to target such services to the neediest welfare families, while also requiring a certain minimum number of welfare families to participate in welfare employment programs.

How these various visions of welfare reform play out depends in part on how each State decides to implement the act. There is not likely to be any cheap way to help substantial numbers of welfare families climb out of poverty or off welfare. The education and training services needed to help these families are often expensive, as are needed support services like child care, transportation, and case management. Even with higher levels of Federal funding available for such services, States will have to match Federal funds with substantial funding of their own. Without the commitment of additional State resources, the FSA will not change the current welfare system much.

The FSA contains important opportunities for States to improve their services to AFDC families, but there are many reasons why policymakers and other observers of welfare reform should not have overly optimistic expectations about this legislation, at least in the short run. Full implementation of the FSA will be difficult and will take time, especially in States and localities (for instance in some rural areas) where existing resources are particularly strained. For many State welfare departments, the FSA will require a substantial change of focus and much trial and error. Even then, the FSA will be only a first step toward improving our Nation's welfare system and helping needy families climb out of poverty.

References

Bane, Mary Jo, and David T. Ellwood. "The Dynamics of Dependence: The Routes to Self-Sufficiency." Urban Systems Research and Engineering, Inc., June 1983.

Center on Budget and Policy Priorities. *The Decreasing Anti-Poverty Effectiveness of Government Benefit Programs: 1979-1987.* Washington, DC: Center on Budget and Policy Priorities, Sept. 1988.

Berlin, Gordon, and Andrew Sum. *Toward a More Perfect Union: Basic Skills, Poor Families, and Our Economic Future.* Ford Foundation Project on Social Welfare and the American Future. Feb. 1988.

Congressional Budget Office. *Work and Welfare: The Family Support Act of 1988.* Staff Working Paper. Jan. 1989.

Danziger, Sheldon, and Robert Plotnick. "The War on Income Poverty: Achievements and Failures," *Welfare Reform in America: Perspectives and Prospects.* Paul M. Sommers (ed.). Boston: Kluwer-Nijhoff Publishing, 1982.

Ellwood, David T. *Poor Support.* New York: Basic Books, Inc., Publishers, 1988.

Ellwood, David T., and Mary Jo Bane. *Family Structure and Living Arrangements Research: Summary of Findings.* Cambridge: Harvard University, Mar. 1984.

Ellwood, David T., and Lawrence H. Summers. "Is Welfare Really the Problem?" *The Public Interest*, No. 83, Spring 1986, pp. 57-78.

Friedlander, Daniel. *Subgroup Impacts and Performance Indicators for Selected Welfare Employment Programs.* New York: Manpower Demonstration Research Corporation, Aug. 1988.

Gideonse, Sarah K., and William R. Meyers. "Why 'Workfare' Fails," *Challenge*, Vol. 31, No. 1, Jan.-Feb. 1988.

Gueron, Judith. *Reforming Welfare with Work.* Ford Foundation Project on Social Welfare and the American Future, Occasional Paper 2. New York: Ford Foundation, 1987.

Heineman, Ben W., Jr. "Welfare Reform Revisited: New Consensus and Old Dilemmas," *Work and Welfare: The Case for New Directions in National Policy*. Washington, DC: Center for National Policy, Mar. 1987.

Johnston, William B., and Arnold E. Packer. *Workforce 2000: Work and Workers for the Twenty-First Century*. Indianapolis: Hudson Institute, 1987.

Katz, Michael B. *In the Shadow of the Poor House: A Social History of Welfare in America*. New York: Basic Books, Inc., Publishers, 1986.

Lynn, Lawrence E., Jr., and David DeF. Whitman. *The President as Policymaker: Jimmy Carter and Welfare Reform*. Philadelphia: Temple University Press, 1981.

Patterson, James T. *American's Struggle Against Poverty: 1900-1980*. Cambridge: Harvard University Press, 1981.

Porter, Kathryn H. *Making JOBS Work: What the Research Says About Effective Employment Programs for AFDC Recipients*. Washington, DC: Center on Budget and Policy Priorities, Mar. 1990.

Shapiro, Isaac, and Robert Greenstein. *Holes in the Safety Net*. Washington DC: Center on Budget and Policy Priorities, Apr. 1988.

U.S. Department of Commerce, Bureau of the Census. *Money Income and Poverty Status of Families and Persons in the United States: 1988*. (Advance Data From the March 1989 Current Population Survey.) Current Population Reports, Series P-60, No. 166, Mar. 1989.

U.S. House of Representatives, Committee on Ways and Means. *Background Material and Data on Programs within the Jurisdiction of the Committee on Ways and Means*. WMCP 100-29. Prepared for the Use of the Committee on Ways and Means by its staff. Mar. 1988.

_____. *Background Material and Data on Programs within the Jurisdiction of the Committee on Ways and Means*. WMCP 101-4. Prepared for the Use of the Committee on Ways and Means by its staff. Mar. 1989.

U.S. Senate, Committee on Finance and Committee on Labor and Human Resources. *Work and Welfare*. Aug. 1986.

Chapter III

Rural Social Services and the Family Support Act

Leon Ginsberg

Social services differ in rural and urban areas, and these differences will affect how the Family Support Act of 1988 is implemented. Rural areas lack specialized services, especially nongovernmental services, and depend more on organizations that do not primarily deliver social services. And, to make service delivery even more complicated, rural clients are dispersed geographically. The success of the act will vary from rural area to rural area, depending on how well State and local officials are able to provide new services, coordinate existing services, and deliver these services to a dispersed population.

Social services differ between rural and urban areas.[1] For example, rural areas lack many specialized services and rely more heavily on basic, government-provided services, as well as on organizations whose primary purposes are other than delivering social services. Service delivery in rural areas is also complicated by low population density, which means rural clients are more thinly dispersed over space and harder to reach. Implementing the Family Support Act (FSA) of 1988 in rural areas involves a different set of problems and resources than implementing it in urban areas.

This chapter discusses the consequences of the FSA for rural, low-income families in terms of the social services available to them. The chapter begins by discussing the social services most likely to be used by poor families. Poor families need a broad range of services, regardless of rural or urban residence. The chapter then describes how

[1]Rural is defined broadly in this chapter. Social work professionals consider rural areas to include the open country plus small towns or villages where the infrastructure is not highly developed, employment is less diverse, the power structure is traditional, face-to-face relationships prevail, and public and private business is transacted more informally (Martinez-Brawley, 1987, pp. 521-522). Names in parentheses refer to sources listed in the references at the end of the chapter.

social service delivery differs between rural and urban areas, how rural social services will be affected by the FSA, and how successful the act will be in rural areas. However it is implemented, the FSA will change the nature of social services provided to the rural disadvantaged.

Social Services and the Poor

The problems of the poor go beyond low income. They often need a range of social services, which are defined as:

> The activities of social workers and other professionals in promoting the health and well-being of people and in helping people to become more self-sufficient; preventing dependency; strengthening family relationships; and restoring individuals, families, groups, or communities to successful social functioning. Specific kinds of social services include helping people obtain adequate financial resources for their needs, evaluating the capabilities of people to care for children or other dependents, counseling and psychotherapy, referral and channeling, mediation, advocating for social causes, informing organizations of their obligations to individuals, facilitating health care provisions, and linking clients to resources (Barker, 1991, p. 221).

Social services are not just for the poor. People of any income level may need to seek the help of social service professionals at some time in their lives.

Many personal and family problems are resolved through informal networks (Biegel and Naparstek, 1982; Whittaker and Garbarino, 1983). Friends, neighbors, family members, and organizations outside the formal social welfare networks help those who are in need. Although the informal network is important throughout the Nation, it appears to be more important in rural than urban areas (Martinez-Brawley, 1987, p. 527; Jenkins and Cook, 1981). People turn to those they know and those with whom they have daily contact for help when it is needed rather than the formal public and private agencies that are organized to provide social services. Social workers acknowledge that most problems are resolved with the help of friends and relatives.

When these informal arrangements are unable to provide sufficient help, however, people turn to the formal social services network (Pancoast and Collins, 1987). Some of the basic, formal social services most likely to be used by poor families with a female head, the main target group of the FSA, are summarized below. These services are important to poor, female-headed families regardless of rural or urban residence.

Public Assistance Entitlement Programs

Public assistance programs are designed to help low-income people meet their basic financial needs. These programs include Aid to Families with Dependent Children (AFDC), food stamps, and Medicaid (table 1). The programs listed above are "entitlements." All who meet the eligibility criteria are entitled to a benefit; no qualified person can be turned away.

In most States, these entitlements are administered or supervised by a State public assistance agency.[2] The names of these agencies vary.

Table 1—Commonly used public assistance programs

Program	Description	Funding
Aid to Families with Dependent Children (AFDC)	Cash payments to families with children deprived of parental support due to the death, incapacity, or absence of a parent.	State and Federal
Food stamps	Coupons for poor people to use in purchasing food. (Recipients need not belong to a particular type of family.)	Federal
Medicaid	Medical care for the poor. This program historically has been targeted at recipients of AFDC and Supplemental Security Income (SSI). (SSI provides income to needy elderly and disabled people.) Medicaid coverage has been expanded in recent years to include more poor children and pregnant women.[1]	State and Federal

[1]See Chapter VIII for more details.
Source: Deavers and Hoppe (1991).

[2]In a few States, Medicaid is administered by an agency other than the public assistance agency (Weinstein, 1990). Responsibility for Medicaid is sometimes shared by more than one agency.

Some are called departments of public welfare, while others are called departments of social services or departments of human resources. Whatever their designation, they hold the legal status of "single State agencies," or the organizations through which much Federal funding is channeled to the local area. For a description of State social services structures and designs, see Ginsberg (1983, pp. 7-8) or Ezell and Patti (1990).

There are additional variations within this overall structure. In some States, the single State agencies administer these programs directly through local and regional "welfare" offices, which are typically organized along county or city lines or a combination of counties and cities. In other States, the State agencies merely supervise and monitor the local public agencies which are, by statute, the service delivery agencies (Weinstein, 1990).

Child-Support Enforcement Program

The child-support enforcement program was enacted in the mid-1970's under Title IV-D of the Social Security Act (Cullen and others, 1980; U.S. House of Representatives, 1990). This program makes several demands on public social service agencies and clients to locate parents who should be paying child support but who either refuse to do so or cannot be located. Locating these parents is important because overwhelmingly large numbers of families receive AFDC as a result of a parent's absence. For example, in 1988, 87 percent of the families receiving AFDC did so because of the divorce or separation of a parent or because no marriage tie existed (U.S. House of Representatives, 1990, p. 579).

Under the law, parents (usually mothers) who are caring for children and who apply for AFDC must, in almost all circumstances, cooperate in locating the other parent (usually the biological father) so that support for the child may be ordered by the courts or be enforced, if a support order has already been established. States may intercept income tax refunds and unemployment benefits of absent parents who owe child support but refuse to pay it. States can even garnishee parental wages or bring criminal charges against nonpaying parents (U.S. House of Representatives, 1990).

Title XX Social Services Programs

Title XX of the Social Security Act authorizes funds for a variety of social services programs, including daycare and counseling services

(U.S House of Representatives, 1990, pp. 742-753). These programs are financed through the Social Services Block Grant to the States. Title XX social services are not exactly entitlements, as are the public assistance programs. Although eligibility for assistance from such programs must be standardized and publicly announced, not all persons who might be eligible receive services because there are limits on the amounts of money available. Public agencies or private organizations may provide Title XX social services. However, these agencies or organizations may not necessarily be located in all counties, although they may be available nearby.

Employment Security Services

Employment security or unemployment offices function in ways parallel to those agencies mentioned above. Unemployed clients are eligible for Unemployment Insurance (UI) benefits if they worked for a covered employer for a minimum period of time and received a minimum amount of wages (U.S. House of Representatives, 1990). The minimum time period and minimum amount of wages are set by each State. To receive UI benefits, claimants must be available to accept suitable work.

Recipients are required to report periodically in person or by mail to employment security offices to verify that they looked for work. Employment security offices also provide counseling and job referrals to both UI claimants and people not seeking UI benefits. Local employment security offices often serve more than one county.

Public Health Services

Health departments are traditionally operated on city and county levels. However, some States have consolidated or "regionalized" their public health services, which may help make it possible for more funds to be spent on services and less on duplicative administration. Consolidation, however, can make access more problematic for clients.

One of the most important health programs is the U.S. Department of Agriculture's Special Supplemental Food Program for Women, Infants, and Children (WIC). WIC provides food to low-income pregnant and postpartum women, infants, and young children who are at "nutritional risk" (Burke, 1989, pp. 94-95; U.S. House of Representatives, 1990, p. 1318). Women are given vouchers or foods. Foods provided by WIC vary by type of recipient and include infant formula, milk,

cheese, juices, and cereals. Aid is distributed at the local level by public or nonprofit health or welfare offices.

Mental Health Services

Mental health services for families and children who face such difficulties as family conflicts and other problems in personal functioning as well as treatment for the more severe forms of mental illness, such as schizophrenia, are also provided throughout the United States (Flax and others, 1979; Cassidy and others, 1981; Keller and Murray, 1982; Boyer and Elkin, 1989). Most areas are served by community mental health centers that treat such conditions in the home communities of the patients, instead of referring patients to public mental hospitals, the traditional means of dealing with mental illness in this Nation. Many such centers serve several counties.

Substance Abuse Services

Substance abuse is a crucial subject in any discussion on current American poverty. Contrary to the stereotyped, idealistic view of rural life, substance abuse is also a problem in rural areas (Newcomb and Sarvela, 1988). Substance abuse appears to be a significant factor in much of the current incidence of poverty and disadvantage, either because victims are less able to be self-supporting or because they bear children with congenital health problems resulting from parental substance abuse.

Social services used to treat alcoholism include individual therapy, group therapy, family therapy, drug treatment, Alcoholics Anonymous, and behavior modification (Anderson, 1987). A variety of treatments exists to combat drug addiction. For example, methadone, other drugs, acupuncture, and residential programs are used to treat opiate addiction (Roffman, 1987). Most of the more specialized programs that deal with substance abuse are concentrated in urban areas.

Developmental Disabilities Services

Developmental disabilities are usually defined as mental retardation, autism, dyslexia, cerebral palsy, and epilepsy (Brantley and West, 1980). The more intense developmental disability programs help people keep such conditions under control or to maximize their functioning in spite of their conditions. These programs include specialized foster care for children, supervised apartments and other

group living facilities, and clinical services. Again, these are largely urban efforts.

Using the System

Using the services described above can be difficult for a poor family because the "social service system" does not always function as a single unit. In many cases, it is a collection of service providers operating more or less independently of one another. Poor families often require a package of aid pieced together from various providers. For example, families receiving AFDC and other welfare benefits may also participate in WIC, receive counseling from a community mental health center, and seek jobs through the employment security office. The agencies providing these services may not be located near each other. In addition, each social service provider has its own, often complex, eligibility rules that may change frequently.

Social service providers can help overcome these problems with centralized information and referral services, social service planning councils, and other structures that help find all the potential sources of help with one office visit or one telephone call. In addition, social service agencies increasingly use case managers, whose job it is to help families learn about and receive available help from various sources.

Rural-Urban Differences in Service Delivery

The previous section describes some of the basic social services that the poor may need regardless of where they live. How these services are provided, however, differs in rural and urban areas. One factor that affects the delivery of services is the low population density, or greater dispersal of the population across space, in rural areas. Rural areas also have fewer nongovernment social service agencies to assist those in need. Rural areas, instead, rely heavily on basic, public social services. In addition, rural areas also rely heavily on organizations whose primary purposes are other than providing social services.

Space Hinders Social Service Delivery

Low population density, or greater dispersal of the population across space, poses a challenge in delivering services in rural areas. In rural areas, the distance from the homes of the clients to work sites or to offices where services are provided may be unreasonably long. For example, one-way trips of 2 hours or more may occur in some rural

areas, such as remote communities in Appalachia, in the Rocky Mountains, and on Indian reservations.

Lack of transportation resources is another impediment to delivery of social services in rural areas. Distances in rural areas make access to services at the least inconvenient and at the worst impossible. There are few rural bus lines. Taxis, when they do exist, are prohibitively expensive. Reliable automobiles may be too expensive for the minimum-wage employee. Many of the private, for-profit transportation providers have either left the business or withdrawn from small towns (Kidder, 1989, pp. 134-5).

Delivery of services is typically less costly in urban areas because of economies of scale and geographic concentration of clients (Martinez-Brawley, 1987, p. 527). The inefficiency of providing full-time services in sparsely populated rural areas leads to the policy decision to simply not locate offices in many rural areas or to serve rural areas with sporadic representatives (Honadle, 1983, pp. xxii-xxiii; Jenkins and Cook, 1981). Rural residents typically have to travel to urban centers or county seats to apply for or receive services. Such policies make sense on the basis of organizational efficiencies but are a detriment to the well-being of those rural people least able to travel because of disability, age, or low income (Honadle, 1983, pp. xxiv-xxv).

The availability of welfare offices is especially important to the poor.[3] In some States, there are county offices supplemented by branches in every significant concentration of population. In other States, there are offices only in county seats, which requires many clients and potential clients to travel to apply for and obtain benefits. In some States, itinerant offices and circuit-riding staff members periodically reach clients by setting up interviews and applications for benefits in public and private facilities on a scheduled basis. The cost of such traveling offices can be high (Farley and others, 1982, p. 192). Once welfare applications are taken and approved, however, the delivery of these aid services is typically handled by mail so that rural clients need go no further than their mail boxes or local post offices for AFDC checks and food stamps. Medicaid identification cards are also sent by mail.

---

[3]This paragraph is based on the author's experiences in West Virginia and other States. The paragraph, however, is generally applicable to most of rural America.

Some communities have recognized the problems caused by a lack of local welfare offices. For example, during the author's tenure as Commissioner of Human Services, West Virginia decided to close some of its county welfare offices to reduce costs. Clients in the affected counties would still have been served periodically at borrowed facilities in courthouses, churches, and schools. Nevertheless, local communities became concerned about the loss of ready access to social services for poor citizens, particularly for the elderly poor. An additional concern was the potential loss of steady spending by welfare clients and employees who daily came to town. In order to keep the local offices open, landlords donated space or groups of merchants or the counties paid the rent. All county offices remained open until funds were restored (Ginsberg, 1988).

Space Hinders Communication

Learning about the wide variety of services is complicated by low population density in rural areas. It is not difficult for rural people to learn about programs through public service announcements disseminated through the mass media (Slowik and Paquette, 1982). However, that is not how many eligible people are informed of services. Instead, they learn about available services by word of mouth through contacts with relatives, neighbors, and workers in social service agencies.

In urban areas, low-income people learn about services through their contacts with one another in neighborhood gathering places. The concentration of eligible people in urban areas provides many places and many other people from whom potential clients may learn about services. The relative isolation of rural people, the lack of gathering places, the fewer agencies, and the fewer number of clients mean that people who may need help may not find it as readily as their urban counterparts.

Fewer Nongovernment Services

Another major difference between the urban and rural social service system is the existence and operation of an array of proprietary and nonprofit nongovernment organizations in urban America, especially in the larger cities (Jones, 1989). There are fewer organizations in rural areas because the prerequisites for the services they provide are:

- A sufficient concentration of population for services to be needed and efficiently delivered,

- Sufficient numbers of people of means to make enough voluntary contributions to sustain united funds and comparable, centralized fund-raising efforts,

- Sufficient investment capital and the promise of sufficient income to initiate proprietary services, and

- The availability of professionally educated personnel to staff nonpublic services.

The lack of nongovernment services in rural areas is yet another reflection of the low population density in rural areas. The prerequisites listed above are easier to meet in urban areas with high population densities.

Some $75 billion is expended on private philanthropy in the United States each year (American Association of Fund Raising Counsel, 1985). However, most of the money is raised and spent in urban areas. These funds originate from organizations such as the United Way, private foundations, and corporations. These organizations are almost always located in and dedicated to the cities where the corporate headquarters, private foundation offices, and large industries are located. For example, the 1,000 family service agencies that are members of Family Service America (Erickson, 1987) are largely located in larger cities.

Much of the service delivery in the United States is done by nongovernmental organizations (Terrell, 1987; Kramer and Grossman, 1987). Work training programs, direct services to the disadvantaged, programs for young children from low-income families, some mental health services, and virtually every other kind of noncash social service is provided by organizations under contract with government agencies. This pattern of financing is one reason for the low availability of some of these kinds of services in rural communities.

For example, many of the developmental disabilities services are provided under contract in urban areas. Rural people who need these kinds of help often cannot obtain them because they live too far away or do not know about the services. Providing transportation often becomes a major function of rural social service personnel working with the developmentally disabled (DeWeaver and Johnson, 1983). There is an effort underway to provide more services to the developmentally disabled in rural areas. The low density of potential

clients, however, limits the range of services that can be provided in rural areas (Farley and others, 1982, p. 23).

Reliance on Basic, Formal Services

The formal social services that do exist in rural communities are generally basic services that only treat problems. Rural social service providers often do not have the capacity, resources, or priority for preventing problems or rehabilitating their victims. For example, most rural poor people have access to basic, formal programs provided by public agencies, such as public assistance, although the access may be inconvenient and involve travel. Some of the more sophisticated services available in larger communities, such as social planning programs, domestic violence shelters, and work training programs, are less likely to be available to the populations of smaller communities. Many specialized programs require large populations for support and tend to be located in cities (Jenkins and Cook, 1981).

Many of the basic services theoretically provided by the Government may not, in reality, reach all the rural people who need them. Mental health services are a good example. An honest effort may be made to provide these services to rural people. Although most mental health centers are headquartered in urban areas, many have outreach programs in rural areas or, in more ideal situations, satellite or part-time offices. However, rural patients may often be legally committed to public institutions, in part because they have not been served prior to developing the need for more intense care. Patients from rural communities may find it more difficult to be released from such hospitals because the followup counseling and medicine programs are not available to help them receive care without institutionalization (Flax and others, 1979; Cassidy, 1981; Keller and Murray, 1982).

Reliance on Nontraditional Service Providers

Social services are also provided by rural organizations whose primary purposes are other than delivering social services, such as churches. Services in rural communities that are delivered through these organizations can help compensate for a formal network that is not as well developed as in urban areas (Honadle, 1983, pp. xxviii-xxix). One main advantage of the nontraditional service providers is that they are often more diffused throughout rural America than many of the formal services and may be more conveniently located for the rural poor.

Churches

Churches are typically the most active of the nontraditional service providers. Experienced human service workers in rural areas tend to think of churches first, or at least very early in their efforts to help clients (Martinez-Brawley, 1987, p. 527). They are often the only realistic referral source that can be used by a public assistance worker in suggesting help to a client family.

Churches often spend a major portion of their time and financial resources on aid projects, especially the direct kind such as food and clothing assistance, and intervention on behalf of people who need help with the local government, police, or employers. They often supplement the assistance provided through public programs. In many ways, local churches may function as a proxy for the community mental health center, family services agency, or guidance clinic. Ministers now receive more training in counseling techniques than in the past and have become more effective in helping people (Farley and others, 1982, p. 106).

Some denominations are particularly active in providing social services. For example, the Salvation Army generally has at least one "unit committee" in each county (Ricken, 1987). These committees are made up of local community leaders and are particularly good at extending emergency aid with a minimum of red tape. In many rural communities, the Salvation Army is the only social service provider other than an itinerant employee of the welfare agency.

School Systems

In somewhat the same way churches play diverse roles in rural areas, public schools also do much more than educate children in such communities. One social work educator writes:

> ...in rural areas schools are the key providers of services such as drug and alcohol prevention programs, sex education and family planning services, and even marriage and family counseling. In fact, one might argue that the school systems comprise a formal, rather than an informal social service delivery system (Raymond, 1989).

Social service professionals inside and outside the school system can work together so that children and their families can get the help that they need (Costin, 1987, pp. 543-544; Farley and others, 1982, p. 9).

Law Enforcement Agencies

Law enforcement agencies are often among the providers of social services in rural areas (Ginsberg, 1977, p. 1232). In fact, they play a major role for the same reasons religious and educational organizations do. That is, they have the personnel and they have the resources. The local jail may serve as a substitute for a shelter to serve the homeless or the victim of domestic violence. The local police officers may do what might substitute effectively for professional counseling. They also play a prominent role in dealing with spousal violence and child abuse, services that are important in dealing with many AFDC clients. Law enforcement's traditional protective role can also be important in social service delivery:

> For years, this three-county area serviced by the welfare office in Colville [Washington] has had a unique arrangement between the Sheriff's department in the central county and the local public welfare office. At no cost to the welfare office, a police two-way radio has been placed in the local public welfare agency for staff use when going into homes where they might need assistance from the police (Nelson and others, 1988).

Cooperative Extension Service

The Cooperative Extension Service is one of the most important organizations in the rural community (Martinez-Brawley, 1987, p. 527). Each county has one or more extension workers who educate families on agriculture, community living, family life, and youth development (Coleman and Barranti, 1990).

Extension personnel can be most helpful in advising clients about social services. Effective rural social service workers often find it helpful to work in conjunction with extension programs as a means of disseminating information as well as finding low-income people. The Extension Service also has programs that may be of interest to the poor. It is currently increasing its emphasis on providing education to low-income families (U.S. Department of Agriculture, 1991). Nutrition and health, financial management, and individual and family development will be stressed.

Effects of the FSA in Rural Areas

The FSA is, for the most part, a series of changes to the AFDC program. The act will make a major difference in the way public assistance is provided to low-income, rural families. Successful implementation of the act will require coordinating existing services and serving a new client group. The act could increase the amount of child care and transportation available to rural poor families. The child-support enforcement provisions and the transitional child-care and Medicaid provisions could also help the rural poor. The probable effects of the act on the social service delivery system are discussed below.

Coordinating Services

The general status of social services in rural areas is that of low access for eligible people and a dearth of services, especially nongovernmental services. However, these problems can be alleviated with careful coordination of those services that do exist (Watkins and Watkins, 1984, pp. 121-127; Farley and others, 1982, pp. 203-204).

The act recognizes the importance of coordination. For example, under the Job Opportunities and Basic Skills Training Program (JOBS), welfare offices may assign a case manager to help families receive the child care and other services necessary for the parents to participate in JOBS (Rovner, 1988, p. 2828). The case manager essentially coordinates services. State welfare agencies must also coordinate JOBS with programs operated under the Job Training Partnership Act (JTPA) and other relevant employment, training, and education programs the State provides (Rovner, 1988, p. 2827).

So far we have been discussing employment-related services. Some families, however, may also require other specialized services, such as those related to physical or mental health, developmental disabilities, and substance abuse. Effective case managers will need to know a good deal about all available services in rural areas, in case the need for them arises. Keeping up with the details can be difficult, but necessary if client families are to receive all the help they need.

The effectiveness of the FSA in rural areas will also depend on using nontraditional service providers. At least some of the services that are needed for the provision of child care, training, family guidance, and the like could be coordinated with nontraditional providers. Nontraditional providers may even be helpful in employing AFDC

recipients. One of the best-publicized workfare programs dealt with the placement of AFDC-Unemployed Parent (AFDC-UP) clients in a local law enforcement agency (Peterson and Carlson, 1983).

Expansion of AFDC-UP Coverage

The provisions of the FSA that extend AFDC-UP to all States will likely increase the number of eligible cases in many rural areas. These increases are likely to be relatively greater than those in urban areas. As explained in the next chapter, however, it appears that the increase will be modest, even in rural areas. The increase in caseloads will probably not overwhelm local welfare offices, except in severe recessions.

Many of the new AFDC-UP recipients may already be familiar with the welfare system because they have participated in the Food Stamp program. Before the FSA, the Food Stamp program was the only major financial assistance program for which married-couple families were eligible throughout the Nation. For some families, however, AFDC-UP will be their first exposure to the welfare system. A whole new group of clients will experience "clientization," the stigmatization that goes with receiving public assistance in the United States. Reluctance to receive public assistance may require welfare offices to make special efforts at outreach. The lack of information dissemination systems and the relative isolation of the rural poor may lead to underuse of AFDC-UP, if special efforts are not made to notify them of this program.

The treatment of the Earned Income Tax Credit (EITC) under the FSA is particularly relevant to new AFDC-UP families. Low-income taxpayers with earned income and one or more dependent children were eligible for a refundable EITC of up to $953 in 1990 (U.S. House of Representatives, 1990, p. 834).[4] AFDC families will, in many cases, receive substantial additional income by simply filing an income tax return. Under the provisions of the FSA, this refundable credit is not counted as income that affects AFDC eligibility and benefits (Rovner, 1988, p. 2830).

It is likely that many new AFDC-UP families will be eligible for the EITC. Although AFDC families generally do not have earned income

---

[4]The EITC was liberalized by the Omnibus Budget Reconciliation Act of 1990 (U.S. House of Representatives, 1991, p. 897).

(U.S. House of Representatives, 1990, p. 580), AFDC-UP families, by definition, were previously employed and had earned income. One role of human service workers in rural areas will be urging AFDC-UP recipients to file income tax returns. Many eligible rural clients will not know about or take advantage of this credit and its new, more generous treatment under AFDC.

Changes in Child-Support Enforcement

The act has several provisions to enhance the child-support enforcement program (Rovner, 1988, pp. 2825-6). For example, by 1994, all new child-support orders must be automatically withheld from the absent parent's paycheck, even if the parent is not behind in making payments.

What effect these provisions will have in rural areas is difficult to gauge. Low incomes and high unemployment in many rural areas limit the ability of many absent parents to pay child support. Yet, child support is enforced in rural as well as urban areas, and many female-headed families in rural areas do receive something. In 1989, 25 percent of poor female-headed families in nonmetro areas received child support, compared with only 16 percent in metro areas (U.S. Department of Commerce, 1990). Under the stricter provisions of the act, child support could help even more rural families.

JOBS Program

Another major feature of the FSA is a strengthened requirement for adult AFDC family members to work, obtain work training or education, or otherwise increase their possibilities for self-support through work. The act establishes the JOBS program, in which AFDC parents must participate to the extent that resources are available (Rovner, 1988, p. 2827).

Employment

If JOBS is to be successful, employment must be available for those who finish their education or training. The issue of the availability of employment was discussed briefly in chapter I and will be discussed in greater detail in chapter VI. The problem is only mentioned here, since it is more closely related to economic structure than to social services. There is, however, a connection between a lack of jobs and social services in rural areas.

The lack of jobs for rural residents is often why public assistance is needed in rural areas. If there were jobs in which to place those available for work, the jobs would be taken quickly and there would be no need for public assistance or work experience and placement programs.

The problem of economic disadvantage is often not one of clients unwilling to work. For example, participants in the West Virginia Community Work Experience Program (CWEP) were largely satisfied working for their checks (Ginsberg and Meehan, 1987, p. 26). Many of the rural poor already believe in the work ethic discussed in the first chapter. The FSA's provisions may not creatively address the fundamental issue associated with rural disadvantage, a lack of employment.

Two Critical Services: Child Care and Transportation

Child care and transportation to services and training are critical issues in implementing the JOBS program in rural areas. If it is necessary for AFDC parents to participate in the program, then the States must provide child care. The States must also pay transportation and other work-related expenses. The deficiencies in rural areas associated with child care and transportation may be the most difficult problem for the FSA to overcome.

Child Care. Child-care arrangements are different in rural areas. For example, preschool children in nonmetro areas are less likely to receive group care and more likely to receive care in homes other than their own (table 2). However, nonmetro, central city, and suburban preschoolers are about equally likely to be taken care of in their own homes.

Child care is most commonly provided through purchases of services. Public subsidy benefits low-income families, and tax breaks benefit higher income families (Giovannoni, 1987). In both rural and urban areas, there are relatively fewer publicly operated group care centers for children. Most are entrepreneurial or nonprofit projects that receive some subsidies for caring for low-income children from the Title XX social services program (discussed earlier) and commodities and cash from the USDA's Child Care Food Program (Levedahl and Matsumoto, 1990). Child-care centers must be self-supporting, which is a complicated requirement in the face of increasing costs for the fundamentals of child care such as facilities, food, and staff.

Table 2—Children age 5 and under currently cared for in a regular child-care arrangement, distributed by main source of care, 1988

Item	Residence		
	Central city	Suburbs	Nonmetro
		Thousands	
Number of children	4,035	6,182	3,042
		Percent	
Care in child's home	31.5	27.5	28.7
Father	10.9	13.5	14.3
Grandparent	8.9	4.9	4.1
Other relative	4.2	1.5	2.7
Nonrelative	7.5	7.6	7.6
Care in another home	31.1	30.9	37.5
Grandparent	9.9	6.9	10.6
Other relative	2.3	2.6	2.8
Nonrelative	18.9	21.4	24.1
Group care	31.4	34.3	25.0
Nursery or preschool	24.1	25.3	18.7
Daycare center	7.3	9.0	6.3
Mother, while working	3.4	5.0	6.1
Other	2.6	2.4	2.6

Source: Dawson and Cain (1990).

Government licensing requirements also make demands that must be met if centers are to be legally operated and if they are to receive subsidies from public programs.

In many rural areas, there are no group care openings for recipients of public assistance, the subsidies for whom are often lower than the daily or weekly rate paid by private users of the same centers. If single parents are to receive work training or work placement as a condition of their assistance, arrangements have to be made for someone else to care for their children. In implementing the FSA, churches and other community organizations may be highly influential in providing child care.

In some localities, daycare centers are not the primary mode of caring for children. Instead, "family daycare" programs are used. These involve people, usually women, who care for children during the day (Emlen, 1987). These child-care providers generally are out of the labor force and have their own child-care responsibilities. These arrangements can be particularly effective in rural areas, where centers for child care are less likely to be available than they are in cities. The act does allow payments to individuals for child care. This is a State option, however, and it is unclear whether State regulations will limit the use of family daycare in the JOBS program. Nevertheless, this provision could be important to rural areas, given the share of nonmetro child care currently provided in homes other than the child's (table 2).

Transportation. Under the FSA, with its expanded work requirements, the need to appear at welfare and employment services offices will become more of an issue for many clients. The lack of readily accessible offices is likely to become more evident in rural areas. It may be necessary, if the new legislation is to be effectively implemented, to provide work sites and experiences in rural areas and to consciously work toward the location of service providers in more rural communities. It is possible that those alternatives will be even more expensive, in some cases, than the transportation costs that would be required without them.

Funding. Although the act requires States to pay for the clients' child-care and transportation expenses (Rovner, 1988, p. 2828), the Federal Government provides some of the funding. The Federal funding is actually quite generous. It will pay for the costs of child care without limits at the same matching rate as Medicaid, which ranges from 50 to 80 percent. States will be able to provide child care in a variety of ways, including providing the care directly, giving cash vouchers to eligible clients, or contracting directly with providers, although the amounts spent may not be larger than the market rates for daycare. Federal money for transportation would be paid at a 50-percent matching rate, subject to the State's financing cap. It is possible that the FSA, because of Federal funding, will have the effect of dramatically expanding daycare and transportation in rural areas.

Transitional Child Care and Medicaid

The act also provides low-income families leaving AFDC with transitional child care and Medicaid (Rovner, 1988; Solomon, 1988). When families lose AFDC eligibility because the parent earns more

than allowed under the program's rules, they may no longer lose eligibility for Medicaid. Medical care provided through Medicaid may be continued for up to 12 months. Families may also receive child care for up to 12 months, if the care is necessary for the parent to work.

These provisions should be helpful to low-income families struggling to become totally self-reliant. They may be particularly helpful in rural areas, given the higher likelihood of the rural poor to work (Hoppe, 1989). Child-care and Medicaid benefits stop 1 year after leaving AFDC. Unless parents find a job with health insurance and enough wages to pay for child care, they may have to quit work and return to AFDC. A longer term solution to child-care and medical insurance problems is needed.

Conclusion and Implications

The FSA will clearly benefit the rural disadvantaged. For example, it extends AFDC-UP to all States and it provides funding with which to establish child care and transportation. However, implementing the act in rural communities over the coming years will involve a different set of resources than in urban areas. Rural areas generally lack specialized services, especially nongovernmental services, and depend more on nontraditional organizations to deliver social services to rural people. And, to make service delivery even more complicated, rural clients are geographically dispersed.

The success of the act will vary from locality to locality, depending on how well State and local officials are able to provide new services, coordinate existing services, and deliver these services to a dispersed population. Coordinating service providers will be very important in implementing the FSA. This is nothing new, for rural areas have always depended on coordination to make up for a lack of services.

Some of the coordinated services may be provided by nontraditional providers. One cannot assume that a service does not exist because there is no formal social service agency providing it. The tradition of self-help is a dominant influence in rural areas (Jenkins and Cook, 1981). The total community often becomes concerned about the social problems of some citizens and, therefore, helps them overcome their problems. This community concern helps explain why nontraditional providers in rural areas often become involved in delivering social services.

This does not mean that policymakers can forget about providing formal social services to the poor in rural areas. The ability of the nontraditional service providers to solve the severe problems addressed by the FSA is limited. Formal services are crucial to the success of the act.

The FSA will change the nature of social service delivery in rural areas. For example, because of FSA's extension of AFDC-UP to all States, there is likely to be an increase of clients for State agencies that have not previously used the AFDC-UP provisions of the Social Security Act. For that reason, some States will have larger rural caseloads and will have to more effectively adapt their services to rural areas than they have in the past.

If the act can be faulted at all, it is for not adequately addressing the most confounding problem confronting low-income families and the social service workers who serve them: the complexity and multiplicity of social programs. This issue has been addressed in previous welfare reform proposals. For example, the Program for Better Jobs and Income (PBJI) proposed by President Carter would have combined AFDC, food stamps, and SSI (Pryor, 1979). However, that bill failed in Congress.

The FSA is much less comprehensive than the PBJI and does not deal with the consolidation and rationalization of programs, the lack of which continues to make low-income assistance programs in the United States much more cumbersome and administratively costly than they need to be. Perhaps the next step in welfare reform is to consolidate programs. This would free social service workers from much of their clerical work and allow them to concentrate more on helping their clients overcome problems.

References

American Association of Fund Raising Counsel. *Giving USA*. 1985.

Anderson, S.C. "Alcohol Use and Addiction," *Encyclopedia of Social Work*, Eighteenth Edition. Silver Spring, MD: National Association of Social Workers, 1987.

Barker, R.L. "Social Services," *The Social Work Dictionary*. Silver Spring, MD: National Association of Social Workers, 1991.

Biegel, D., and A. Naparstek, editors. *Community Support Systems and Mental Health: Practice, Policy, and Research.* New York: Springer Publishing Co., 1982.

Boyer, P.A., and B. Elkin, guest editors. *Human Services in the Rural Environment*, Vol. 12, No. 4, Spring 1989 (Special Issue: Rural Chronically Mentally Ill).

Brantley, D., and S. West. "The Rural Developmentally Disabled, an Underserved Population," *Human Services in the Rural Environment*, Vol. 5, No. 2, Mar./Apr. 1980, pp. 17-24.

Burke, V. *Cash and Noncash Benefits for Persons with Limited Income: Eligibility Rules, Recipient and Expenditure Data, FY 1986-88.* 89-595 EPW. Congressional Research Service, The Library of Congress. Oct. 24, 1989.

Cassidy, T. M., Gordon, M.S., and Heller, A. *The Mountains and Valleys Are Mine: A Symposium on Rural Mental Health.* Ridgewood, NY: Bren-Tru Press, 1981.

Coleman, M., and C. Barranti. "Career Preparation for the Cooperative Extension Service: A National Survey of Family Life Specialists," *Human Services in the Rural Environment*, Vol. 13, No. 3, Winter 1990, pp. 27-32.

Costin, L.B. "School Social Work," *Encyclopedia of Social Work*, Eighteenth Edition. Silver Spring, MD: National Association of Social Workers, 1987.

Cullen, F.T., K.W. Heiner, and P. Sullo. "Child Support Collection: A Stick and Carrot Approach," *Social Work.* Vol. 25, No. 5, Sept. 1980, pp. 397-402.

Dawson, D.A., and V.S. Cain. *Child Care Arrangements.* Advance Data, No. 187. U.S. Dept. of Health and Human Services, National Center for Health Statistics, Oct. 1, 1990.

Deavers, K.L., and R.A. Hoppe. "The Rural Poor: The Past As Prologue," *Rural Policies for the 1990s.* C.B. Flora and J.A. Christenson (eds.). Boulder, CO: Westview Press, 1991.

DeWeaver, K.L., and P.J. Johnson. "Case Management in Rural Areas for the Developmentally Disabled," *Human Services in the Rural Environment*, Vol. 8, No. 4, 1983, pp. 23-31.

Emlen, A.C. "Child Care Services," *Encyclopedia of Social Work*, Eighteenth Edition. Silver Spring, MD: National Association of Social Workers, 1987.

Erickson, A.G. "Family Services," *Encyclopedia of Social Work*, Eighteenth Edition. Silver Spring, MD: National Association of Social Workers, 1987.

Ezell, M., and R.J. Patti. "State Human Service Agencies: Structure and Organization," *Social Service Review*, Vol. 64, No. 1, Mar. 1990, pp. 22-45.

Farley, O.W., K.A. Griffiths, R.A. Skidmore, M.G. Thackeray. *Rural Social Work Practice*. New York, London: The Free Press, 1982.

Flax, J.W., M.O. Wagenfeld, R.E. Ivens, and R.J. Weiss. *Mental Health and Rural America: An Overview and Annotated Bibliography*. Rockville, MD: National Institute of Mental Health, 1979.

Ginsberg, L.H. "Rural Social Work," *Encyclopedia of Social Work*, Seventeenth Edition. Washington, DC: National Association of Social Workers, 1977.

_____. *The Practice of Social Work in Public Welfare*. New York: Free Press, 1983.

_____. "Social Workers and Politics: Lessons from Practice," *Social Work*, Vol. 33, No. 3, May-June 1988, pp. 245-247.

Ginsberg, L.H., and K. Meehan. "Workfare in Rural America: The West Virginia Experience," *Human Services in the Rural Environment*, Vol. 11, No. 1, Spring/Summer 1987, pp. 22-28.

Giovannoni, J.M. "Children," *Encyclopedia of Social Work*, Eighteenth Edition. Silver Spring, MD: National Association of Social Workers, 1987.

Honadle, B.W. *Public Administration in Rural Areas and Small Jurisdictions: A Guide to the Literature.* New York and London: Garland Publishing, Inc., 1983.

Hoppe, Robert A. "Poverty in Rural America: The Statistical Evidence," *Outreach to the Rural Disadvantaged: Issues and Strategies for the 21st Century.* N. Baharanyi, R. Zabawa, and W. Hill (eds.). Proceedings of the 47th Annual Professional Agricultural Workers Conference, Tuskegee University, AL, Dec. 3-5, 1989.

Jenkins, L., and A.S. Cook. "The Rural Hospice: Integrating Formal and Informal Helping Systems," *Social Work*, Vol. 26, No. 5, Sept. 1981, pp. 414-416.

Jones, S.J. "Support to Rural Families: Implications for the Public and Private Sector." Draft working paper. Albany, NY: The Nelson A. Rockefeller Institute of Government, 1989.

Keller, P.A., and Murray, J.D., editors. *Handbook of Rural Community Mental Health.* New York: Human Sciences Press, 1982.

Kidder, A.E. "Passenger Transportation Problems in Rural Areas," *Profitability and Mobility in Rural America.* W.R. Gillis (ed.). University Park, PA, and London: Pennsylvania State University Press, 1989.

Kramer, R.M., and B. Grossman, "Contracting for Social Services: Process, Management and Resource Dependencies," *Social Services Review*, Vol. 61, No. 1, Mar. 1987, pp. 32-55.

Levedahl, J.W., and M. Matsumoto. *U.S. Domestic Food Assistance Programs: Lessons From the Past.* AIB-570. U.S. Dept. Agr., Econ. Res. Serv., Jan. 1990.

Martinez-Brawley, E.E. "Rural Social Work," *Encyclopedia of Social Work*, Eighteenth Edition. Silver Spring, MD: National Association of Social Workers, 1987.

Nelson, B.O., J. McRae, and G.J. Baldwin. "Using Working Agreements to Provide Interorganizational Cooperation in Rural Communities," *Human Services in the Rural Environment*, Vol. 12, No. 2, Fall 1988, pp. 5-10.

Newcomb, P.R., and P.D. Sarvela. "Familial Factors Related to Rural Youth Drinking Practices," *Human Services in the Rural Environment*, Vol. 12, No. 1, Summer 1988, pp. 6-10.

Pancoast, D.L., and Collins, A. "Natural Helping Networks," *Encyclopedia of Social Work*, Eighteenth Edition. Silver Spring, MD: National Association of Social Workers, 1987.

Peterson, K.S., and P. Carlson, "A West Virginia Town Picks Its Cops Off the Welfare Rolls, But No One Is Up in Arms," *People*, Jan. 10, 1983, pp. 26-28.

Pryor, S. *Regional and Residential Impacts on the Proposed Better Jobs and Income Program.* ESCS-69. U.S. Dept. Agr., Econ. Stat. Coop. Serv., Aug. 1979.

Raymond, F.B., letter to Robert A. Hoppe, Nov. 21, 1989.

Ricken, Major W. "Salvation Army Programs in Rural Areas," *Human Services in the Rural Environment*, Vol. 10, No. 3, Winter 1987, pp. 32-33.

Rovner, J. "Congress Approves Overhaul of Welfare System," *Congressional Quarterly Weekly Report*, Vol. 46, No. 41, Oct. 8, 1988, pp. 2825-2831.

Roffman, R.A. "Drug Use and Abuse," *Encyclopedia of Social Work*, Eighteenth Edition. Silver Spring, MD: National Association of Social Workers, 1987.

Slowik, M.G., and Paquette, C. "Antipoverty Programs, Use of the Mass Media, and Low-Income People," *Social Work*, Vol. 27, No. 3, May 1982, pp. 250-254.

Solomon, C.D. *The Family Support Act of 1988: How It Changes the Aid to Families with Dependent Children (AFDC) and Child Support Enforcement Programs.* 88-702 EPW. Library of Congress, Congressional Research Service, Nov. 7, 1988.

Terrell, P. "Purchasing Social Services," *Encyclopedia of Social Work*, Eighteenth Edition. Silver Spring, MD: National Association of Social Workers, 1987.

U.S. Department of Agriculture, Extension Service. "Reaching Limited Resource Audiences: Recommendations for Extension Action in the 1990's." Report of the Limited Resource Audience Committee. Apr. 1991.

U.S. Department of Commerce, Bureau of the Census. Current Population Survey, 1990. 1990.

U.S. House of Representatives, Committee on Ways and Means. *Background Material and Data on Programs within the Jurisdiction of the Committee on Ways and Means*. WMCP 101-29. Prepared for the Use of the Committee on Ways and Means by its staff. June 5, 1990.

_____. *Background Material and Data on Programs within the Jurisdiction of the Committee on Ways and Means*. WMCP 102-9. Prepared for the Use of the Committee on Ways and Means by its staff. May 7, 1991.

Watkins, J.M., and D.A. Watkins. *Social Policy and the Rural Setting*. New York: Springer Publishing, Company, 1984.

Weinstein, A., editor. *1990/91 Public Welfare Directory*. Vol. 51. Washington, DC: American Public Welfare Association, 1990.

Whittaker, J.K., and J. Garbarino, J., editors. *Social Support Networks: Informal Helping in the Human Services*. Hawthorne, NY: Aldine, 1983.

Chapter IV

The Family Support Act and Aid to Families with Dependent Children: Implications for Nonmetropolitan Areas

Leif Jensen and Diane K. McLaughlin

The Family Support Act (FSA) of 1988 changes eligibility for Aid to Families with Dependent Children (AFDC) by increasing the amount of earned income and child care not counted toward AFDC eligibility, and by nationalizing the provision of AFDC for married couples with an unemployed breadwinner. We analyze the 1988 Current Population Survey to estimate that both eligibility rates and aggregate AFDC caseloads will increase only slightly as a result of these provisions of the FSA, but that these increases will be somewhat greater in nonmetro areas and in the South.

The Family Support Act (FSA) of 1988 will be phased in over the next several years. The changes affecting eligibility rates for and receipt of Aid to Families with Dependent Children (AFDC) have yet to be fully assessed. In particular, given the perennially higher poverty rates and lower AFDC receipt rates in nonmetropolitan (nonmetro) than in metropolitan (metro) areas (Jensen, 1989), the effects of this legislation need to be evaluated by residence.[1]

[1]The terms rural and nonmetro and urban and metro are often used interchangeably in this chapter. However, we use the technically correct metro-nonmetro terminology when discussing empirical results. Names in parentheses refer to sources listed in the references at the end of the chapter.

The FSA addresses four key aspects of welfare: (1) child support and establishment of paternity, (2) Job Opportunities and Basic Skills Training (JOBS) program, (3) supportive services for families, and (4) amendments related to AFDC. This chapter focuses on item (4) and how these amendments will influence AFDC eligibility and receipt rates among rural and urban poor families with children under age 18.

The basic changes in the provisions of the FSA that affect the determination of eligibility for AFDC benefits are (1) the increase from $75 to $90 per month in the amount of earned income not counted toward AFDC eligibility (the earned income disregard), (2) the increase from $160 to $175 per month in the child-care cost disregard for a working parent, and (3) the eligibility of married-couple families with children, where the unemployed major breadwinner works fewer than 100 hours per month, to apply for AFDC-Unemployed Parent (AFDC-UP). The act extends AFDC-UP from 27 States to all 50 States.

Our study shows that these provisions will be particularly helpful to nonmetro families and to families in the South. However, the adjustments in eligibility for AFDC introduced in the FSA do little to alleviate poverty overall or to decrease the gap between poor families in the South and poor families elsewhere.

Eligibility for AFDC

Eligibility for AFDC hinges on a number of separate tests based on family structure, employment status, and family income. Only families that include children less than 18 years old (or 18 years old if attending school) are eligible to receive AFDC. While Federal legislation provides a guiding framework for the administration of AFDC programs, States have significant leeway in setting need standards that determine whether a poor family will be eligible for any AFDC, and that determine the amount of AFDC a family might receive.

The first income test of eligibility compares the family's gross income with 185 percent of the need standard established in the State of residence for a family of a given size. Families whose income exceeds 185 percent of the need standard are not eligible for AFDC. In January 1987, the need standard for a three-person family ranged from $246 per month in Kentucky to $997 per month in Vermont.

The second income test compares the family's adjusted income (after income disregards are subtracted) with the State's payment level for a

family of that size. In 33 States, payment levels are below the State's defined need standard. Many families with incomes low enough to be eligible for AFDC after the first income test have adjusted income above the State's payment level for their family size. They would thus be ineligible for assistance after the second income eligibility test. The very low need standards and payment levels defined in some States ensure that families that generate any income through participation in the labor force, or from other sources, quickly become ineligible for assistance, even though such families have incomes well below the federally established poverty level.[2]

Recent research shows that AFDC is less effective in reducing poverty in rural as compared with urban areas (Jensen, 1989). This is largely because the rural poor are less likely to have those characteristics, such as having children, being unmarried, or being unemployed, that tend to qualify families for AFDC. Some assert that antipoverty programs are biased against the rural poor (Institute for Research on Poverty, 1980), and there is at least some reason to question the relevance of AFDC for this population. Given the magnitude of poverty in rural areas and the possibility that the FSA was guided by images of urban poverty, it is appropriate to explore the likely effect of the FSA on the rural poor.

We analyze here data from the March 1988 Current Population Survey (CPS) and compare the implications of the FSA for families with dependent children in nonmetro and metro areas. See appendix 1 for a description of the data and key definitions.

We open with a sociodemographic portrait of these families, paying particular attention to variables that determine eligibility for AFDC. These data are provided for nonmetro and metro areas, and within the latter, central cities and other metro places. We present results for all families, and separately for poor families.

We then estimate the likely effects of the FSA in metro and nonmetro areas on the number and percentage of families (1) that are eligible for AFDC, and (2) that can be expected to receive it. Because the South, and especially the nonmetro South, has historically lagged behind other regions in providing social programs for the poor, we pay special

---

[2]The poverty threshold for a family of four in 1987 was $11,612. This compares with the annualized need and payment levels for a family of four in Vermont of $11,964 and $8,112, respectively. Both the need and payment levels in Kentucky were the same, $2,952.

attention to South/non-South differences.[3] We summarize our findings in the final section.

Families With Children: A Descriptive Portrait

Poverty data, measured in either absolute or relative terms, consistently indicate that poverty is as prevalent in nonmetro areas as it is in central cities. In 1987, 23.6 percent of nonmetro families were poor, compared with only 18.9 percent of metro families (table 1). High family poverty rates in central cities (29.3 percent) reflect the concentration of nonwhites there. After controlling for race and region, with the exception of Hispanics outside the South, nonmetro poverty among families with children exceeds that for metro areas and their central cities.[4]

Family Structure Among Families With Children

Eligibility for AFDC depends not only on a family's income but also on its structure. To be eligible, families must have children under age 18 present (or age 18 in school) and be deprived of support because of the death, incapacity, or absence of a parent. The program largely serves families headed by women. Families with two able-bodied parents were also eligible in certain States prior to the FSA if they had an unemployed breadwinner or one employed fewer than 100 hours per month.

In the past, AFDC targeted parents who were separated, divorced, or never married. The greater incidence of married-couple families among the nonmetro poor decreases their aggregate rates of eligibility for AFDC. Just over 43 percent of nonmetro poor families are headed by a married couple, compared with only 32.1 percent of metro poor families (table 2). Conversely, a high percentage of metro poor families are headed by separated, widowed, divorced, or never married heads compared with nonmetro poor families. These percentages total

[3]Southern States include Delaware, Maryland, Virginia, West Virginia, North Carolina, South Carolina, Georgia, Florida, Kentucky, Tennessee, Alabama, Mississippi, Arkansas, Louisiana, Oklahoma, and Texas. The District of Columbia is also part of the South.

[4]For convenience, we use the term race while recognizing that Hispanics are an ethnic group that can be of any race.

Table 1—Poverty rates among families with children, by race and region, 1987[1]

Race and region	Nonmetro	Metro		
		Total	Inside central cities	Outside central cities
		Percent		
Total	23.6	18.9	29.3	12.2
White	17.6	10.5	13.2	8.6
Black	58.4	42.1	46.2	31.3
Hispanic	45.6	38.0	44.3	29.0
Other	41.9	19.4	26.6	10.7
South	29.2	20.3	28.4	13.5
White	18.4	9.9	9.0	8.7
Black	58.4	41.7	45.9	32.4
Hispanic	56.0	38.5	41.8	28.0
Other	46.2	14.7	12.4	10.4
Non-South	18.9	18.2	29.7	11.6
White	17.1	10.7	14.8	8.6
Black	58.3	42.5	46.4	30.1
Hispanic	38.6	37.9	45.2	29.4
Other	40.8	20.3	28.5	10.8

[1]Only head's and spouse's income are counted toward family income.
Source: U.S. Department of Commerce, Current Population Survey, 1988.

68.0 percent for metro poor families and 56.6 percent for nonmetro poor (figures not shown).

Personal Characteristics of Family Heads

The risk of family poverty increases greatly with a woman head (McLaughlin and Sachs, 1988). Given the long-term rise in nonmarital birth, divorce, and separation, it is not surprising that the majority of poor families in each residence area are headed by women. However, poverty is certainly not limited to families headed by women, particularly in nonmetro areas where 42.5 percent of poor families are headed by men (table 3). The recent focus among policymakers on central city poverty, where 74.2 percent of poor families are headed by women, does not reflect the situation of the rural poor.

The racial or ethnic composition of the poor, in some instances, reflects the predominance of certain groups in each of the residence areas. The majority of nonmetro poor families, 62.5 percent, are white as are 56.7

Table 2—Share of total and poor families with children, by marital status of family head, 1987

Marital status	Nonmetro		Metro					
			Total		Inside central cities		Outside central cities	
	Total	Poor	Total	Poor	Total	Poor	Total	Poor
	Percent[1]							
Married	76.6	43.4	73.3	32.1	62.5	27.9	79.7	38.7
Widowed	2.3	4.5	1.9	3.8	2.4	3.8	1.6	3.4
Divorced	10.0	16.8	10.8	16.6	12.1	13.7	9.8	17.2
Separated	4.2	12.0	5.3	15.1	7.5	15.7	4.1	14.9
Never married	6.9	23.3	8.7	32.5	15.4	39.0	4.9	25.8

[1]Totals may not add to 100 due to rounding.

Source: U.S. Department of Commerce, Current Population Survey, 1988.

Table 3—Share of total and poor families with children by personal characteristics of the family head, 1987

Characteristics	Nonmetro		Metro					
			Total		Inside central cities		Outside central cities	
	Total	Poor	Total	Poor	Total	Poor	Total	Poor
				Percent				
Gender:								
Male	76.4	42.5	71.5	30.3	59.8	25.8	78.3	36.2
Female	23.6	57.5	28.5	69.7	40.2	74.2	21.7	63.8
Mean age	36.6	33.9	36.9	33.0	36.1	32.9	37.5	33.6
Race/ethnicity:								
White	83.6	62.5	69.2	38.5	47.0	21.2	80.1	56.7
Black	11.3	27.8	15.4	34.5	29.2	46.2	7.7	19.7
Hispanic[1]	3.0	5.9	11.6	23.1	18.6	27.7	8.6	20.5
Other	2.1	3.8	3.8	3.9	5.3	4.8	3.6	3.1
				Years				
Mean years of school completed	12.2	10.7	12.9	10.6	12.2	10.4	13.3	10.6
				Percent				
Percentage with 12 or more years of school	76.8	57.5	81.4	52.0	73.4	48.0	86.2	54.0

[1]Includes Hispanics of any race. Hispanics are excluded from the count of whites, blacks, and others.

Source: U.S. Department of Commerce, Current Population Survey, 1988.

percent of poor families living in metro areas but outside central cities. In the central cities, however, only 21.2 percent of poor families are headed by whites, while 46.2 percent and 27.7 percent are headed by blacks and Hispanics, respectively. In each residence area, blacks and Hispanics comprise a larger proportion of poor than they do of all families with children.

Poverty often has been linked to low education levels, which constrain employment opportunities. In each residence area, heads of all families have completed at least 1 additional year of schooling, on average, than those of poor families. The gap is smallest in nonmetro areas. A higher percentage of nonmetro poor family heads have completed 12 years of schooling (57.5 percent) compared with poor family heads in metro areas (52 percent) (table 3). These differences in educational levels influence employment status among family heads of poor and nonpoor families.

Employment Status of Heads of Families With Children

If one purpose of the FSA is to instill a greater work ethic among the poor, then this emphasis may be somewhat misguided in rural areas. If anything, the nonmetro poor have been penalized for their greater labor force attachment by excluding them from AFDC benefits that could usefully supplement meager earnings. Whether measured in terms of current employment status the week before the March 1988 interview or in terms of employment in 1987, the nonmetro poor exhibit a greater attachment to the labor force than their metro counterparts (table 4).[5] For example, 45.6 percent of nonmetro poor families had currently employed heads, compared with 39.5 percent of metro families. Moreover, nonmetro poor heads were the least likely to be completely out of the labor force. They also were the most likely to be unemployed (without a job but looking for work), suggesting that many have the will and desire to work but lack sufficient employment opportunities.

The label "working poor" fits more nonmetro than metro poor family heads. Over 20 percent of the heads of nonmetro poor families were employed full-time, full-year during 1987, compared with 13.8 percent of heads of metro poor families.

---

[5]Some of the questions in the CPS collect information as of the time of the survey. Other questions pertain to the calendar year prior to the survey.

Table 4—Share of total and poor families with children, by employment status characteristics of the family head, 1987

Characteristics	Nonmetro		Metro					
			Total		Inside central cities		Outside central cities	
	Total	Poor	Total	Poor	Total	Poor	Total	Poor
	Percent							
Current employment status:[1]								
Employed	80.6	45.6	82.8	39.5	73.9	33.2	88.2	46.5
Unemployed	7.0	16.2	4.1	10.7	5.4	10.6	3.0	9.8
Not in labor force	12.4	38.2	13.1	49.8	20.7	56.2	8.8	43.7
Employment in 1987:								
Did not work	12.4	38.5	13.8	50.9	21.8	58.1	9.2	44.8
Worked part-time[2]	22.3	41.0	19.1	35.3	21.4	30.1	16.8	40.0
Full-time, full-year	65.3	20.5	67.1	13.8	56.8	11.8	74.0	15.2
Why worked part time in 1987:[3]								
All s/he could find	16.8	28.4	16.5	29.4	19.7	30.9	14.3	27.7
Wanted or could only do part-time work	15.5	19.6	26.3	30.8	26.7	29.9	26.0	30.8
Slack work	41.4	32.6	32.3	24.8	31.9	25.4	33.0	27.2
Other	26.4	24.9	17.4	15.0	21.6	13.9	26.5	14.3

[1]During the week before the survey in March 1988.
[2]Includes part-time/part-year; part-time/full-year; full-time/part-year.
[3]Among those who worked part-time in 1987.
Source: U.S. Department of Commerce, Current Population Survey, 1988.

Finally, among nonmetro poor family heads who worked part-time in 1987, 61 percent (figure not shown) reported that they worked part-time either because that was all they could find (28.4 percent), or because of slack work (32.6 percent). Similar reasons explain only 54.2 percent of part-time employment among heads of poor families in metro areas.

Income Sources of Families With Children

A higher percentage of nonmetro poor families receive wage and salary, self-employment, Social Security, and Unemployment Insurance income, which is consistent with their greater attachment to the labor force (table 5). A higher percentage of metro poor families (41.3 percent) receive public assistance than nonmetro poor families (38.7 percent).

Regardless of residence, poor families with children receive about the same average income. The nonmetro poor average $5,900 per year. Central city poor receive $5,700, and the metro poor outside central cities take in $6,000 per year, on average. The very low level of average income of all these poor families reveals their economic need. All these average income levels are at least $5,000 less than the 1987 poverty threshold for a family of four, which was $11,612.

The largest dollar gap in income sources between the nonmetro poor and the metro poor occurs with public assistance income. On average, the nonmetro poor who report public assistance income receive $2,800 per year (not shown). This is $1,100 less than the amount reported by metro poor families on average. The larger public assistance payments to metro poor families is partially explained by the concentration of nonmetro families in the South, where payment levels are lower on average, and by lower payments outside cities in some States.

Considering their characteristics, we expect that nonmetro families, despite their economic need, will have lower eligibility for AFDC than metro families, even after the changes in eligibility introduced in the FSA. Nonmetro poor families with children are more likely to be headed by married couples and the heads of these families are more likely to be employed full- or part-time. Both of these characteristics make them less likely to be eligible for AFDC than metro poor families. We now turn to an evaluation of the effects of the FSA on eligibility for AFDC.

Table 5—Share of total and poor families with children, by income sources and mean total income, 1987

Characteristics	Nonmetro		Metro					
			Total		Inside central cities		Outside central cities	
	Total	Poor	Total	Poor	Total	Poor	Total	Poor
	Percent							
Share receiving income from:								
Wages and salaries	85.7	58.1	87.1	48.7	80.0	41.4	90.7	54.0
Self-employment	13.6	7.1	11.5	5.0	9.5	4.0	12.8	6.7
Farm	5.0	3.6	.5	.2	.1	0.0	.7	.4
Social Security[1]	5.1	9.1	3.5	6.8	4.5	6.8	2.9	6.7
Supplemental Security	1.7	5.1	1.1	4.1	1.7	4.3	.8	3.8
Public assistance	10.3	38.7	9.0	41.3	16.3	49.4	4.8	32.4
Interest	49.5	13.7	58.0	13.1	45.5	11.0	66.2	15.2
Dividends	14.5	3.5	19.5	2.0	13.7	1.2	23.6	2.7
Unemployment Insurance[2]	13.8	10.0	10.4	6.9	9.6	5.0	10.4	8.2
Pensions	2.7	.9	2.9	1.1	2.4	1.1	2.9	1.3
Alimony and child support	15.5	18.4	15.5	17.4	14.4	14.2	15.4	18.7
Any source	98.6	94.2	98.4	91.5	97.4	91.1	98.8	90.3
	Thousand dollars							
Mean total income from any source	25.9	5.9	34.6	5.8	28.0	5.7	39.6	6.0

[1]Includes Railroad Retirement. [2]Also includes veteran's payments and Workmen's Compensation.

Source: U.S. Department of Commerce, Current Population Survey, 1988.

Estimated Effects of the FSA on Eligibility and Receipt of AFDC

The principal intent of the Family Support Act is to reduce welfare dependency by both increasing the labor force participation of welfare recipients and more aggressively seeking cash support from absent parents. However, as noted above, the act also changes AFDC eligibility criteria by nationalizing the AFDC-UP program and liberalizing earned income and child-care disregards.

In this section, we estimate the likely effects of these and other changes on the absolute and relative numbers of families eligible for AFDC benefits and likely to receive them. We estimate eligibility by comparing the characteristics of families with three sets of eligibility criteria: (1) pre-FSA provisions, (2) changes under the FSA, and (3) the possibility of a national minimum need level.

Even with the best of data, estimating eligibility is a difficult task. (See appendix 2 for a discussion of using the CPS to model eligibility for AFDC.) States are granted and exercise much discretion in establishing eligibility criteria and benefit levels, resulting in a great State-by-State variation in this regard. To account for this variation, we compare family characteristics with State-specific eligibility criteria as summarized by the U.S. Department of Health and Human Services (1988).

We use three definitions of eligibility: one pre-FSA and two post-FSA definitions. For each, we compare each family's characteristics with the eligibility criteria in the family's State of residence. First, pre-FSA eligibility refers to eligibility for the period prior to the enforcement of FSA provisions. These are the conditions that existed at the time the CPS data were collected. Pre-FSA eligibility consists of two components: financial need and appropriate family structure. We discuss these in turn.

The determination of financial need is a hierarchical process. First, to be eligible, a family unit's gross monthly income must not exceed 185 percent of the State's standard of need. Because our income measures are annualized, we divide them by 12 to approximate monthly income. If a family meets this gross income eligibility test, an adjusted income figure is computed by subtracting from gross income a portion of the head's and spouse's earnings (the so-called earned income disregard) as well as a portion of total income that is allowed for gifts (in certain States). Families are then defined as financially eligible if our

estimation of their adjusted monthly income is at least $10 below their State's payment standard.[6] It is important to point out that in 31 States (and nearly all the States in the South), the payment standard is less than the need standard. For example, in Alabama, where the need standard for a mother and one child was $288 per month in 1987, families were financially ineligible for benefits unless their adjusted monthly income was below $78 (or $10 less than Alabama's payment standard of $88). State payment standards vary greatly. For example, payment standards for a mother and one child ranged from $88 in Alabama to $655 in Alaska, with a median of $283 (U.S. Department of Health and Human Services, 1988).

The second component of pre-FSA eligibility concerns family structure. To be eligible, families must have dependent children who are less than 18 years of age. Our entire analysis is constrained accordingly. Most States allow families with children up to 19 years of age to be covered, provided the children are attending school full-time. We did not include this group, however, since we were unable to determine whether the child attended school full-time in the year prior to the survey.

In addition, to be eligible the family must either (1) have an unmarried head, or (2) have a married head, have an unemployed main breadwinner, and live in an AFDC-UP State. We defined the main breadwinner as that person (the head or spouse) who had the highest earnings in 1987. Breadwinners were defined as unemployed if they were out of work and looking for work 5 or more weeks in 1987. This is consistent with the eligibility regulations of AFDC-UP, which require that the main breadwinner be unemployed 30 or more days. In sum, we define as eligible for AFDC those families that satisfy both the financial need and family structure components of eligibility.

We consider two post-FSA definitions of eligibility. The first of these adjusts the pre-FSA definition according to imminent changes under the FSA. These include the nationalization of the AFDC-UP program and the inception of a new disregard limit for child-care payments.

The second post-FSA definition of eligibility is more hypothetical in nature. The FSA requires that the National Academy of Science conduct a study to determine the "feasibility and possible determination

---

[6]According to Public Law 97-35, income must be at least $10 below the payment standard for an actual payment to be made (U.S. House of Representatives, 1989, p. 543).

of a nationwide minimum cash benefit" (Rovner, 1988, p. 2831). Such a minimum would force States with currently low benefit levels to raise them. If the intent of a national minimum benefit is to provide more humanitarian aid to the truly needy, it seems only fair that reasonable need levels be established as well. Measures to encourage more equal AFDC benefits across States were dropped from the FSA before passage, as discussed in chapter II. Nonetheless, we explore the implications of the establishment of a national minimum need standard for the purposes of defining income eligibility. We specifically estimate what would happen if a family's adjusted income were compared, not with the payment level in the family's State, but with the national median need level (or current need level in the family's State, whichever is higher).

Changes in Eligibility Rates Under FSA

The pre-FSA eligibility rates indicate that poor nonmetro families are less likely to qualify for benefits than are their counterparts in metro areas (table 6). Only 35.2 percent of nonmetro poor families are eligible as compared with 50.2 percent of metro families. This pattern reflects the fact that nonmetro families are less likely to have those characteristics, such as single headship and labor force nonparticipation, that qualify them for welfare receipt. Conversely, within metro areas, central city families are more likely to qualify for benefits than those outside central cities. This pattern of results, with the nonmetro poor being less likely to qualify for AFDC than their metro counterparts, is seen in both Southern and non-Southern States, although the eligibility gap in the South is less.

Almost two-thirds of all nonmetro poor families with dependent children are ineligible for AFDC, and about half of such families in metro areas also do not qualify. The ineligibility of these poor testifies to the narrowness of the so-called "public safety net." By nationalizing AFDC-UP and increasing disregards for child-care expenses, the FSA will broaden the pool of families eligible for welfare benefits. Because a disproportionate number of nonmetro poor families live in the South, and because such families are more likely to be married and unemployed than their metro counterparts, we expect the greatest proportionate increases in eligibility to be seen in nonmetro areas generally, and in the nonmetro South in particular.

FSA provisions (extending AFDC-UP and child-care disregards) will result in comparatively small increases in eligibility (table 6). This is

Table 6—Share of poor families with children eligible for AFDC before and after FSA provisions, by region and eligibility definition, 1987

Region and eligibility definition	Nonmetro		Metro					
			Total		Inside central cities		Outside central cities	
			Percent					
Total:								
Pre-FSA	35.2		50.2		56.1		43.9	
Post-FSA	36.8	(4.5)[1]	51.5	(2.6)	57.3	(2.1)	45.9	(4.6)
Post-FSA +[2]	52.7	(49.7)	63.1	(25.7)	67.4	(20.1)	57.7	(31.4)
South:								
Pre-FSA	32.8		38.7		43.3		30.9	
Post-FSA	34.8	(6.1)	41.9	(8.3)	46.4	(7.2)	36.4	(17.8)
Post-FSA +[2]	56.8	(73.2)	64.2	(65.9)	67.4	(55.7)	61.2	(98.1)
Non-South:								
Pre-FSA	38.2		56.3		61.3		50.2	
Post-FSA	39.4	(3.1)	56.7	(.7)	61.7	(.7)	50.4	(.4)
Post-FSA +[2]	47.6	(24.6)	62.5	(11.0)	67.3	(9.8)	56.0	(11.6)

[1]Numbers in parentheses reflect relative increases in the percentage eligible resulting from FSA provisions.

[2]Post-FSA + refers to eligibility under imminent changes resulting from the FSA plus the assumption of a nationalized minimum needs level.

Source: U.S. Department of Commerce, Current Population Survey, 1988.

necessarily so because married couples with unemployed breadwinners living in States without AFDC-UP before the FSA (these States are mostly in the South where payment levels tend to be very low) and who are otherwise eligible for AFDC are a very small group, and because the change in the disregard levels is rather small. However, consistent with our expectations, the 4.5-percent increase in nonmetro areas is somewhat larger than that for metro areas generally (2.6 percent), and for central cities in particular (2.1 percent).[7] Nonmetro areas differ little from metro areas outside central cities in this regard.

The increase in eligibility will be considerably greater in the South than in the non-South. However, divergent metro-nonmetro comparisons emerge. Within the South, the greatest proportionate increases will be in metro areas, due largely to the sharp increase in southern metro areas outside central cities (17.8 percent). This is contrary to our expectations. Outside the South, we estimate that it is nonmetro areas that will realize the greatest relative gains in eligibility among the poor, as we expected.

The second post-FSA definition of eligibility makes the further assumption that a national minimum need level is established and used to determine income eligibility. While such a change is not specified in the legislation, it is consistent with the prospect of establishing a national minimum benefit level, which is alluded to in the FSA. Because of their disproportionate representation in the South and other States with lower average need standards, the liberalizing effect of a national minimum need standard should be greatest for the nonmetro poor. The figures corresponding to "post-FSA+" criteria in table 6 confirm this expectation. The greatest gains in eligibility among poor families with dependent children would be realized in nonmetro areas. For example, as compared with current eligibility rates, the "post-FSA+" criteria would result in a relative increase of 49.7 percent in nonmetro areas and only 25.7 percent in metro areas (20.1 percent in central cities and 31.4 percent in the suburbs). By region, this pattern is also observed for non-Southern States, albeit with comparatively modest increases overall. Within the South, nonmetro areas realize

---

[7]In table 6, the figures in parentheses reflect the relative increase (in percentage terms) in the percent of poor families with dependent children who are eligible for AFDC under actual (post-FSA) and hypothetical (post-FSA+) FSA provisions, as compared with the current percent eligible. An example will demonstrate how these were calculated. For all poor families with children in nonmetro areas, the percent eligible under pre-FSA conditions is 35.2 percent. This increases to 36.8 percent under the post-FSA scenario, which is 4.5 percent larger than 35.2 percent.

slightly greater gains than metro areas (73.2 percent versus 65.9 percent, respectively), but it is the southern metro areas outside central cities that would experience the sharpest rise in eligibility rates (a relative increase of 98.1 percent).

To summarize, among poor families with children, those in nonmetro areas will enjoy the greatest gains in eligibility as a result of the FSA. However, imminent changes, consisting principally of the nationalization of AFDC-UP, will result in comparatively small increases in eligibility. More important for increasing coverage among the rural poor, though admittedly less realistic, would be increased and nationalized income eligibility thresholds.

Even with the somewhat more liberal eligibility guidelines we consider, less than two-thirds of poor families with children would be eligible for AFDC. Eligibility rates would remain lower among nonmetro poor families, despite the larger relative increase in nonmetro eligibility rates.

Changes in AFDC Receipt Under FSA

Table 7 presents our estimates of the increase in the number of AFDC families (poor and nonpoor) under the changes in eligibility criteria brought by the FSA. The relative increases (in parentheses) indicate that the recipient population will increase slightly faster in nonmetro than metro areas. This echoes the finding in table 6 that the nonmetro eligible population will grow faster. The fastest rise will occur in the South. However, within that region, metro growth will be slightly greater than nonmetro growth.

Table 6 indicates that, compared with FSA provisions, the establishment of a national minimum need standard would result in substantially greater eligibility rates. Table 7 shows that these more generous criteria would result in considerable increases in the number of families receiving AFDC, particularly in nonmetro areas and especially in the South. For example, in the nonmetro South, the post-FSA changes would result in a 3.8-percent increase in the number of recipients (from 368,000 to 382,000). With the national minimum need standard, the number of receiving families would climb to 526,000, an increase of 42.9 percent over pre-FSA conditions.

Of course, in this exercise we have not accounted for the effects of the JOBS program, which will presumably reduce welfare use through increased labor force participation. To the extent that this component

Table 7—Number of families with children that received AFDC before the FSA and expected receipt after the FSA[1]

Region and eligibility definition	Nonmetro		Metro					
			Total		Inside central cities		Outside central cities	
			Thousands					
Pre-FSA:								
Total	770		2,299		1,325		604	
South	368		570		262		145	
Non-South	402		1,729		1,063		459	
Post-FSA:[2]								
Total	790	(2.6)	2,351	(2.3)	1,346	(1.6)	617	(2.2)
South	382	(3.8)	596	(4.6)	275	(5.0)	156	(7.6)
Non-South	412	(2.5)	1,737	(.5)	1,070	(.7)	464	(1.1)
Post-FSA +:[3]								
Total	992	(28.8)	2,768	(20.4)	1,540	(16.2)	736	(21.9)
South	526	(42.9)	829	(45.4)	368	(40.5)	228	(57.2)
Non-South	466	(10.9)	1,900	(9.9)	1,162	(9.3)	510	(11.1)

Note: For methodology, see appendix 2.

[1]We present in parentheses the relative (percentage) increase in absolute AFDC receipt that would prevail under our two post-FSA definitions of eligibility.

[2]Assumes imminent changes under the FSA.

[3]Post-FSA + refers to eligibility under imminent changes resulting from the FSA plus the assumption of a nationalized minimum need level.

Source: U.S. Department of Commerce, Current Population Survey, 1988.

of welfare reform is successful, our estimates of the recipient population are too high. However, recent research shows that there is insufficient demand for the labor of welfare recipients (Bloomquist and others, 1988), calling into question the likely effectiveness of the JOBS program. Our findings suggest that in the short run at least, and barring drastic macroeconomic swings, the FSA will modestly increase the number of families aided by AFDC.

Conclusions

We have provided some insight into the implications of the Family Support Act of 1988 for families with children in nonmetro and metro areas. Our effort was motivated in part by the observation that AFDC, the most prominent antipoverty program in the United States, is somewhat less relevant for the rural poor than the urban poor. That the inner city poor are more likely to qualify for welfare benefits may or may not reflect an overt urban bias in poverty policy, but it certainly justifies an empirical examination of the likely effects of the FSA for rural versus urban families.

We analyzed data on families with children drawn from the March 1988 Current Population Survey. After controlling for race and region, poverty rates were highest in nonmetro areas, higher even than in central cities. Despite their level of economic need, the nonmetro poor were less likely than their counterparts in metro areas to have certain characteristics that tend to qualify families for AFDC. We specifically found that the nonmetro poor were the least likely to be headed by an unmarried adult, least likely to be headed by a female, and most likely to be working, particularly working full-time, year-round. These results help explain why comparatively fewer poor families with children qualify for AFDC in nonmetro than in metro areas.

The next step in our analysis was to estimate the relative increases in the percentage of the population that will qualify for AFDC under two sets of post-FSA eligibility criteria. The first of these captures changes under FSA (largely the nationalization of AFDC benefits for married couples with an unemployed breadwinner, or AFDC-UP), while the second, more hypothetical in nature, assumes the adoption of a national minimum need standard. This relaxes eligibility by increasing the income thresholds below which families qualify for benefits.

Because the nonmetro poor are disproportionately concentrated in those States, mainly in the South, that currently do not offer AFDC-UP and

have comparatively low need standards, both the actual and hypothetical changes in eligibility criteria we explored disproportionately increased eligibility rates in nonmetro, as compared with metro areas. The absolute number of AFDC recipient families can be expected to rise accordingly.

Despite modest increases in the eligibility of nonmetro and metro poor families for AFDC, overall, the AFDC provisions of the FSA will have little effect on reducing poverty, or eliminating the gap in eligibility between poor families in the South and those elsewhere. A more liberal national minimum need standard would go much further toward increasing the access of the poor to AFDC benefits. However, access to AFDC is unlikely to raise these families above poverty.

References

Bloomquist, Leonard E., Leif Jensen, and Ruy A. Teixeira. "Too Few Jobs for Workfare to Put Many to Work," *Rural Development Perspectives*, Vol. 5, No. 1, Oct. 1988, pp. 8-12.

Congressional Budget Office. *Work and Welfare: The Family Support Act of 1988.* Staff Working Paper. Jan. 1989.

Hoppe, Robert. "Short-Term Poor Need Help, Too," *Rural Development Perspectives*, Vol. 6, No. 1, Oct. 1989, pp. 8-12.

_____. "Defining and Measuring Poverty in the Nonmetropolitan United States Using the Survey of Income and Program Participation," *Social Indicators Research*, Vol. 24, No. 2, Mar. 1991, pp. 123-151.

Institute for Research on Poverty, University of Wisconsin. "On Not Reaching the Rural Poor: Urban Bias in Poverty Policy," *Focus*, Vol. 4, No. 2, Summer 1980, pp. 5-8.

Jensen, Leif. "Rural-Urban Differences in the Utilization and Ameliorative Effects of Welfare Programs," *Rural Poverty: Special Causes and Policy Reforms*. H. Rodgers, Jr. and G. Weiher (eds.). New York: Greenwood, 1989.

McLaughlin, Diane K., and Carolyn Sachs. "Poverty in Female-Headed Households: Residential Differences," *Rural Sociology*, Vol. 53, No. 3, Fall 1988, pp. 287-306.

Osgood, Mary. "Rural and Urban Attitudes Toward Welfare," *Social Work*, Vol. 22, No. 1, Jan. 1977, pp. 41-47.

Rogers, Carolyn C. *The Economic Well-Being of Nonmetro Children.* RDRR-82. U.S. Dept. Agr., Econ. Res. Serv., Mar. 1991.

Rovner, Julie. "Congress Approves Overhaul of Welfare System," *Congressional Quarterly Weekly Report*, Vol. 8, No. 41, Oct. 8, 1988, pp. 2825-2831.

U.S. Department of Commerce, Bureau of the Census. *Money Income of Households, Families, and Persons in the United States, 1986.* Current Population Reports, Series P-60, No. 159., June 1988a.

_____. 1988 Current Population Survey. 1988b.

U.S. Department of Health and Human Services. *Characteristics of State Plans for Aid to Families with Dependent Children under Title IV-A of the Social Security Act.* 1988.

_____. *National Findings on AFDC Quality Control, 1987.* 1989.

U.S. House of Representatives, Committee on Ways and Means. *Background Material and Data on Programs within the Jurisdiction of the Committee on Ways and Means.* WMCP 101-4. Prepared for the Use of the Committee on Ways and Means by its staff. Mar. 15, 1989.

Appendix 1: Data and Definitions

The Current Population Survey (CPS) is a monthly face-to-face survey of about 56,000 U.S. households and is carried out by the Department of Commerce, Bureau of the Census (Census Bureau). The principal function of the survey is to collect employment information, but data on a wide range of social and demographic characteristics are also obtained. Every year, the March survey contains supplemental questions on sources and amounts of income and on work experience.

Given the large sample size of the CPS, even modest differences in proportions are statistically significant well beyond the 0.05 level. In this chapter, we opt not to present significance tests for all possible comparisons. We do, however, restrict our attention to those differences that we feel are substantively meaningful.

The CPS provides information on households, as well as on all families and individuals residing within them. To be consistent with the potential client base of AFDC, the families we examine are those with children under age 18. Rather than use the Census Bureau definition of the family (all persons living together who are related by blood, marriage, or adoption), which often results in several families who live in the same household being identified as one family, we use families closer to the AFDC concept of "receiving units." Any parent or guardian with a dependent child under 18 is considered a family for AFDC purposes, regardless of whether that family lives in an extended family household.

For purposes of determining eligibility and benefit levels, AFDC examines the characteristics of children and their parent(s) or guardian(s) only, ignoring the characteristics of others in the household. We do the same in this chapter. For example, an unmarried mother living with her parents would be evaluated on her characteristics only, regardless of the socioeconomic status of her parents. In sum, the families we use in this chapter consist solely of parents (or guardians) and their dependent children.

For those familiar with Census Bureau terminology, we separately analyze related and unrelated subfamilies. Thus, our units can be (1) primary families (parents who are household heads and their children), (2) related subfamilies (parent-child groups in which the parent is related to the household head), or (3) unrelated subfamilies (parent-child groups in which the parent is unrelated to the household head). We use these units throughout the entire chapter. Appendix table 1 shows the distribution of assistance units by family type.

The official poverty status identifiers in the CPS are based on the characteristics of entire families. To achieve consistency with our more refined assistance units, we determine poverty status by comparing the characteristics of the heads and spouses of these units with the official poverty thresholds. We define a unit as poor if the total income of its head and spouse (if present) is less than one of nine poverty thresholds that differ according to age of head and the number of people in the assistance unit.

To determine nonmetro-metro residence, we employ two geographic identifiers provided in the CPS. The first distinguishes between families living in nonmetro versus metro areas. A metro area generally consists "of a large population nucleus, together with adjacent communities which have a high degree of economic and social

Appendix table 1—Family structure characteristics among assistance units, 1987

Characteristics	Nonmetro		Metro					
			Total		Inside central cities		Outside central cities	
	Total	Poor	Total	Poor	Total	Poor	Total	Poor
	Percent							
Primary family	94.4	83.8	93.8	79.8	91.8	81.1	94.9	77.5
Related subfamily	5.2	14.8	5.8	19.0	7.9	18.1	4.7	20.7
Unrelated subfamily	.5	1.4	.3	1.2	.3	.8	.4	1.8

Source: U.S. Department of Commerce, Current Population Survey, 1988.

integration with that nucleus" (U.S. Department of Commerce, 1988a). For a small percentage of families (about 0.8 percent) the metro/nonmetro variable is suppressed to ensure confidentiality of respondents. They are discarded from our analyses.

The second geographic identifier is restricted to metro residents and distinguishes between those living inside versus outside central cities. Central cities consist of the population living within the legal boundaries of the city (or cities) that comprise the urban population nucleus of the metro area. This variable is suppressed for a more substantial percentage of metro families (about 20.7 percent). They too are discarded from the analysis, unless they have valid codes on the metro/nonmetro identifier, in which case they comprise part of the overall metro population. This explains slight discrepancies between metro area statistics on the one hand, and those for central cities and suburbs combined on the other.

Appendix 2: Estimating Eligibility--Technical Issues

While the Current Population Survey (CPS) is well-suited to our needs, it also poses two important difficulties for estimating eligibility for AFDC. First, income totals are provided for the entire year preceding the March survey, whereas eligibility for AFDC is based on income for a shorter time-span immediately preceding application. It is conceivable, for example, for a family to have very low income in January, to qualify for and receive AFDC benefits in February, and for the family head to find a well-paying job in March. The family's total annual income would erroneously suggest it was ineligible for benefits. Lacking month-to-month data, we cannot correct for this problem, which may downwardly bias our estimates of AFDC eligibility rates.

Second, we base our definition of eligibility on characteristics of families, such as income and unemployment, in the year before the March 1988 CPS. However, variables describing family structure, which can affect eligibility, pertain to the time of interview. Official poverty rates based on CPS suffer from the same difficulty. To the extent that relevant family structures change over a 15-month period (January 1987 through March 1988), we mismeasure this component of eligibility. The direction of this bias is unclear, however, since families are moving into and out of welfare eligible structures.

The problems in determining eligibility for AFDC using the CPS are readily apparent in appendix table 2. This table shows the absolute and

relative number of all families (poor and nonpoor) with dependent children who received AFDC income in 1987, broken down by region, type of residence, and our pre-FSA definition of eligibility. Thus, the first cell entries indicate that under pre-FSA conditions, 770,000 nonmetro families received some AFDC income in 1987, which constitutes 9.7 percent of all nonmetro family units.

Two observations are worth highlighting. First, while overall the highest rates of AFDC receipt are registered by central city families, among those who we define as eligible for welfare, receipt is highest among nonmetro families. This result is consistent with past research which shows that after controlling for eligibility, nonmetro families differ little from their metro or central city counterparts in their propensity to receive AFDC (Rogers, 1991; Jensen, 1989). Together, these results cast doubt on the notion, held by some, that there is a stronger aversion to welfare receipt in the countryside (Osgood, 1977).

More important, a second observation concerns the rate of AFDC receipt among those we define as ineligible for benefits. While the rate of receipt among "ineligibles" is low (4.5 percent and 3.1 percent in nonmetro and metro areas, respectively), ineligibles comprise a fairly high percentage of all recipients. Anywhere between 30 and 40 percent of all AFDC recipients were, by our definition, ineligible. This anomaly results from two sources: downward bias in our determination of eligibility and receipt among those genuinely ineligible. As discussed above, we would have underestimated the number of eligible families to the extent that wide fluctuations in month-to-month income are not captured by our annual income data, that family structures changed making previously eligible families ineligible, or that some States knowingly extend benefits to families even though their countable income is somewhat higher than official need standards. It is unlikely much of the receipt among ineligibles is due to outright welfare fraud, since the best official estimate of the percent of AFDC recipients who are ineligible is about 5 percent (U.S. Department of Health and Human Services, 1989).

It seems likely that our underestimate of the genuinely eligible population is due in large measure to the fact that annual income data mask volatile month-to-month fluctuations in family income. Hoppe (1989), for example, reports that for a 12-month period in 1983 and 1984 about 30 million U.S. people were defined as poor based on annual income, but fully 44 million people experienced at least 1 month of poverty level income. Moreover, if those erroneously defined as ineligible are economically somewhat better situated, we would expect

Appendix table 2—Number (and percent) of families with children that received AFDC, by eligibility status, 1987

Region and eligibility definition	Nonmetro		Metro					
			Total		Inside central cities		Outside central cities	
	Thousands							
Total:								
Total	770	(9.7)[1]	2,299	(8.5)	1,325	(15.2)	604	(4.6)
Eligible	441	(67.0)	1,550	(59.1)	934	(64.2)	366	(50.4)
Ineligible	329	(4.5)	749	(3.1)	391	(5.4)	238	(1.9)
South:								
Total	368	(10.2)	570	(6.5)	262	(10.1)	145	(3.8)
Eligible	223	(65.0)	365	(52.9)	178	(56.0)	77	(47.8)
Ineligible	145	(4.5)	205	(2.5)	83	(3.7)	68	(1.8)
Non-South:								
Total	402	(9.2)	1,729	(9.4)	1,063	(17.4)	459	(5.0)
Eligible	217	(69.1)	1,185	(61.3)	755	(66.5)	290	(51.1)
Ineligible	185	(4.6)	544	(3.3)	307	(6.2)	170	(2.0)

[1]Rates of receipt for total, eligible, and ineligible populations by residence status are given in parentheses.

Source: U.S. Department of Commerce, Current Population Survey, 1988.

their mean AFDC receipt to be lower. Supplementary calculations confirm that among those assistance units that received some AFDC income in 1987, ineligible units had a mean receipt of $2,960, substantially less than the $3,809 mean receipt for recipients we identified as eligible for benefits.

On the other hand, the problems with eligibility estimation are less severe for the poor than for the population in general. Remember that poverty in this chapter is defined in terms of annual income. Families with annual income low enough to be classified as poor also tend to have multiple months of poverty (Hoppe, 1991). They are more likely to be picked up correctly as eligible for AFDC in our procedure than more well-to-do families that have low incomes only sporadically. Eligibility estimates for the poor in table 6 are more accurate than estimates for the population in general.

We were able to compensate for the undercount of eligibles in table 7 by estimating AFDC receipt separately for eligibles and ineligibles. The estimates of AFDC recipient families in table 7 assume constant rates of receipt among eligibles and ineligibles before and after the FSA and were derived by applying these rates to the changing base of eligible and ineligible populations. The procedure produces reasonable estimates. The estimated absolute increase in the AFDC caseload for nonmetro and metro areas combined is 72,000 in table 7. This falls within the range of 65,000 to 105,000, which was estimated in a 1989 Congressional Budget Office study to be the expected increase in AFDC caseload due to the nationalization of AFDC-UP.

The data available to the general public through the CPS simply do not fully capture the reality of fluctuating income faced by the poor. However, despite the limitations of the CPS, it does provide insight into the likely effects of the FSA on eligibility and receipt of AFDC. The FSA simply will not have much of an effect on AFDC eligibility and receipt for two reasons. First, married couples with unemployed breadwinners living in States without AFDC-UP before the FSA and who are otherwise eligible for AFDC are a very small group. Second, the FSA's changes in the disregard levels are rather small. As far as the rural poor are concerned, a higher minimum payment standard would be far more important.

More refined estimates of the effects of the FSA would require monthly data for metro and nonmetro areas that are not currently available to the public. But, monthly data would not alter the basic conclusions derived from the CPS.

Chapter V

The JOBS Program: Implications for Rural Areas

Leslie A. Whitener*

The Job Opportunities and Basic Skills Training (JOBS) program is designed to provide education, training, and employment opportunities for recipients of Aid to Families with Dependent Children to help them avoid long-term welfare dependence. Providing eligible rural residents with adequate services under the JOBS program presents States with a special set of difficulties. Some rural counties will not have a JOBS program while others will not offer a full range of training and employment services. The effectiveness of JOBS in rural areas will depend on several factors, including funding resources, the way in which States develop and operate their programs, the health of the local economy, the characteristics of the population to be served, and the ability of the local community to provide supportive services.

Over the last 25 years, issues concerning policies to require welfare recipients to work or engage in activities leading to work in exchange for public aid have been hotly debated within the context of welfare reform.

> Most Americans seem to agree that adults who are capable of working should if possible contribute to the support of themselves and their dependents. But substantial disagreement arises over the way, if any, this obligation should be imposed by society and the extent to which those who are not self-supporting are capable of becoming so (Wiseman, 1986, p. 1).[1]

---

*The author wishes to thank Fred Doolittle, Linda Ghelfi, MaryAnn Higgins, and Paul Swaim for helpful comments and suggestions.

[1]Names in parentheses refer to sources listed in the references at the end of the chapter.

Under the Family Support Act (FSA) of 1988, all States are required to establish and operate a Job Opportunities and Basic Skills Training (JOBS) program, a program designed to "assure that needy families with children obtain the education, training, and employment that will help them avoid long-term welfare dependence" (Office of Federal Register, 1989).

The JOBS program is designed to provide training and employment assistance to recipients of Aid to Families with Dependent Children (AFDC) throughout the Nation. However, the operation and effectiveness of this program in rural areas may be complicated by structural, social, and demographic characteristics that set rural areas apart from urban areas. Rural areas are more disadvantaged than urban areas on almost every key social and economic indicator (Freshwater, 1989; Reid and Frederick, 1990; U.S. Department of Agriculture, 1990).

Yet, despite these differences, most Federal employment and training programs have been developed and implemented with little attention to the unique characteristics of rural areas. Some policy analysts argue that Federal welfare, employment, and training programs designed to help the disadvantaged and the poor have not adequately or equitably served rural people or their communities (Jensen, 1988; Deavers and Hoppe, 1991; Briggs, 1986).[2]

This chapter examines the JOBS program and its implications for rural areas. States are just now implementing their JOBS programs and empirical evaluations are not yet possible. However, the outcomes of past employment-related programs and our knowledge of current conditions in rural areas can provide insights into the operation and potential effectiveness of the JOBS program in rural areas.

The analysis is organized into three sections. The first section focuses on the components and performance of past Federal employment and training programs for the disadvantaged and work programs for the poor. The second section examines the major provisions and operating procedures for JOBS and discusses the status of State JOBS programs. The last section identifies several key issues relevant to the operation and success of the JOBS program in rural areas.

---

[2]On the other hand, not all evidence points toward an "urban bias." See chapter VII.

History of Federal Employment and Training Programs

Federal involvement in employment and training programs centers on two types of activities: (1) employment and training programs targeted at unemployed, underemployed, or economically disadvantaged groups of workers, and (2) work and training requirements associated with welfare programs to help the Nation's poor. These programs have included a wide variety of strategies and activities over time and generalizations about program objectives and effectiveness are difficult. Most evaluation studies suggest that Federal employment and training programs have enhanced the employability of some program participants by improving employment stability and earnings. However, funding has been limited, the population served has been generally small, and Federal programs have done little to reduce unemployment levels, welfare-dependence, or the size of the poverty population (Barnow, 1987; Gueron, 1990; Levitan and Gallo, 1988).

The limited success of past human resource development programs has led some policy analysts to believe that increased education and training alone cannot solve problems of unemployment, poverty, and welfare dependence, even with more extensive and well-funded programs. This may be particularly relevant in rural areas. For example, Brown and Deavers (1988) explain that human resource development and job generation programs must be closely coordinated to improve the employability of rural residents. It makes little sense to spend local money to train people for jobs that do not exist in the local or regional labor market. At the same time, creating new jobs in an area where local workers do not possess the required skills to fill these jobs will not directly benefit local workers unless relevant training programs are available.

Employment and Training Programs for the Disadvantaged

The Federal Government has been involved over the years in a series of employment and training programs targeted especially at the economically disadvantaged and the unemployed populations. These programs have focused on activities such as job preparation, search, and placement; classroom training; on-the-job skill training; adult basic education; work experience; and subsidized public and private employment.

Persistent unemployment in the early 1960's led to enactment of the Manpower Development and Training Act (MDTA) of 1962, the first major Federal involvement in training. The MDTA was originally designed to help retrain experienced workers who had been technologically displaced. However, as the antipoverty movement gained momentum in the mid-1960's, the focus of the MDTA shifted toward the economically disadvantaged, particularly youth, who lacked even basic job skills. At the same time, the Economic Opportunity Act of 1964 created two additional employment and training programs. The Job Corps provided the hard-core disadvantaged with a comprehensive package of training, counseling, and job placement assistance in residential vocational schools, largely in urban areas. The Neighborhood Youth Corps directed training and job-related services to in-school and out-of-school youth (Ross and Rosenfeld, 1988).

These early programs did little to address the serious employment problems in rural areas, largely because of limited employment opportunities.

> Those in central cities and rural depressed areas too often seemed to graduate from the training programs with only a hunting license to search for jobs that did not exist. The rural depressed areas had no jobs, and the central cities tended to require education ...beyond the reach of many of the inner-city residents (Levitan and others, 1976, p. 256).

In the late 1960's and early 1970's, Congress experimented with a series of small public jobs programs, many designed to provide employment and training services to rural areas. These pilot projects, administered by the Rural Manpower Service of the U.S. Department of Labor, included such activities as Operation Hitchhike, which attached employment programs to existing rural institutions to more effectively reach scattered populations, and Operation Mainstream, which provided public service employment to the elderly rural poor.

These rural experimental programs had positive effects on human resource development in rural areas, but operated on too small a scale to make much difference in the number of needy people. Projects were hampered by lack of coordination and limited funds as well as inadequate training facilities and limited job opportunities in rural areas (Marshall, 1974). Operation Mainstream, for example, was considered one of the more effective work programs for rural workers in terms of income maintenance. However, it did little to increase participants'

skills or help them move into unsubsidized private employment (Levitan and others, 1976).

In 1973, the Comprehensive Employment and Training Act (CETA) was enacted to consolidate and coordinate the increasing number of diverse employment and training programs that had evolved haphazardly since the early 1960's. This act decentralized administrative authority for these programs and provided a block grant that permitted local government administrative units, "prime sponsors," to design employment and training programs to fit their local needs.[3] The CETA created training programs for the unemployed, underemployed, and economically disadvantaged; public service jobs for the unemployed and underemployed; and special programs for Indians, migrant and seasonal farmworkers, and youth.

While there is no clear consensus on the effectiveness of the CETA, most studies seem to agree that, in terms of employment stability and earnings, participants left the programs better off than when they entered (Barnow, 1987). Yet, the evidence does not suggest that these programs were successful in reducing unemployment rates or the size of the poverty population (Evanson, 1984; Gottschalk, 1983).

The CETA posed special problems for rural America, particularly in funding levels. CETA allocations were made on the basis of a formula that used the local unemployment rate as a measure of economic need. For most of the time that the CETA operated (1974-82), nonmetro unemployment rates were less than those of metro areas, meaning that metro areas received the bulk of the funding. However, many labor analysts argued that the unemployment rate underestimated economic disadvantage in rural areas because it did not consider discouraged workers, the underemployed, or the poverty population (Lichter, 1987; Whitener, 1990). These disadvantaged groups were more prevalent in rural areas, but were not counted in the CETA's indicator of need.

Even if one accepts the unemployment rate as an adequate measure of economic hardship, rural areas did not share equitably in funding. An assessment of 1974 CETA allocations for public service employment programs indicated that rural America did not receive its expected share of public service employment funds given its share of

---

[3]Prime sponsors were units designated by the U.S. Department of Labor that had a minimum population of 100,000. Programs for rural areas were funded through allocations for "balance of state," generally at the discretion of the Governor.

unemployment (Martin, 1977). The author suggests that administrative regulations requiring minimum public service expenditures and placement of half of the participants in permanent public service jobs by the end of the program discouraged rural areas from applying for funds.

Despite inequities in funding, public service employment was judged to be one of the most successful CETA activities for rural areas (Briggs and others, 1984; Nathan and Cook, 1981). These programs created employment opportunities for rural workers and, at the same time, provided rare or nonexistent public services (such as emergency medical technicians and teacher aides) to rural areas.

In 1983, the Job Training Partnership Act (JTPA) replaced the CETA as the major Federal mechanism for providing job training and employment services to unskilled and economically disadvantaged individuals. The JTPA provides block grants to the States for training programs for disadvantaged workers, offers training and job-related activities for dislocated workers, and continues various programs for special groups previously administered under the CETA. The JTPA was basically designed as a training program and, unlike the CETA, it includes no provisions for public service employment programs, which are generally more costly to operate.

Most of the JTPA's funds are allocated on a formula basis to States, and allocated within States to designated administrative units called service delivery areas (SDA's).[4] The allocation formula is based on three equally weighted measures: two indicators of unemployment share and one measure of the number of economically disadvantaged persons.

Nonmetro areas have most likely received greater funding relative to metro areas because of their higher levels of unemployment and poverty during the 1980's. A recent analysis of the JTPA Title II-A training and job placement program for disadvantaged workers suggests that the areas most rural received more funding relative to the size of

---

[4]Over 600 SDA's are presently operating JTPA programs. States have broad discretion in defining SDA boundaries. For example, in 1986, seven States included all areas in the State in one SDA. Another 11 States designated selected metro areas as separate SDA's and combined the remainder of the State into a single SDA. In these areas, nonmetro areas were generally served at the discretion of the Governor. Any rural area could have access to JTPA programs, but in States with a few large SDA's, the likelihood that rural areas will be served equitably may be reduced.

their target population than the areas most urban (Redman, 1990a; 1990b). Totally nonmetro SDA's had higher expenditures per unemployed and economically disadvantaged person in 1987 than totally metro SDA's and served proportions of their target populations equal to those in totally metro SDA's.[5]

JTPA programs have not yet been subject to careful evaluation and little empirical information is available to judge the effectiveness of these programs. Analyses of program outcomes that measure the percent of "success stories" after the program ends suggest that the JTPA programs have most likely improved the skills, earnings, and employment levels of the people they served, although the numbers served have been small (U.S. General Accounting Office, 1989; Levitan and Gallo, 1988). More rigorous studies designed to measure program impacts (the success of the program compared with what would have occurred without the program) have not yet been completed.

One of the strongest criticisms of the JTPA has been that the programs have served only the "cream" of the eligible population, avoiding those with more deficient skills and education. By selecting individuals with less significant employment barriers, local areas can provide shorter duration and less expensive services while reducing program costs and improving their numerical performance criteria (that is, percentage of workers placed in unsubsidized jobs and costs per placement). Studies have shown that hard-to-serve populations have been systematically screened out of many JTPA programs (Levitan and Gallo, 1988). However, a recent U.S. General Accounting Office study (1989) found no evidence of creaming, although less job-ready participants did tend to receive less intensive services than others.

Welfare and Work Programs

AFDC, established as part of the Social Security Act of 1935, was originally designed to provide cash support for poor single parents with children. It was not until 1967, however, that the first AFDC work

---

[5]While this research suggests that the JTPA may be operating as well in nonmetro as metro areas, some caution should be used in interpreting these findings. Many SDA's include both metro and nonmetro areas and metro areas may have the stronger influence over program development and outcomes. Also, these expenditures do not reflect greater operating costs frequently associated with a lack of economies of scale or higher transportation costs in rural areas.

program, the Work Incentive (WIN) program, was established to provide skill assessments, job training, employment placement, and supportive social services for AFDC recipients.

Introduced as a discretionary program, the WIN program became mandatory in 1971. The legislative intent was to require adult AFDC recipients with school-aged children to register for employment and take jobs, or risk sanctions. However, the success of the program was hampered by funding limitations and lack of employment opportunities for its clients (Evanson, 1984; Handler, 1988). In practice, participation was largely limited to registration and counseling rather than employment, and the program lost credibility as it failed to meet its objectives (Miller, 1989; Gueron, 1987).

In 1981, the Omnibus Budget Reconciliation Act (OBRA) gave the States the options to (1) replace their WIN programs with customized employment and training programs under the WIN demonstration projects, and (2) to implement mandatory workfare through the Community Work Experience program (CWEP). The CWEP allowed States to place recipients in community service jobs to work at minimum-wage rates in exchange for their welfare benefits. States could also provide job search activities as well as work supplementation activities, where recipients' welfare payments were given to employers to supplement wages. While program participation rates under the OBRA generally ran well above those for the previous WIN program, most participants were served by the short-term, less expensive job search activities. Education and training activities were limited, and community work experience, when it was required, was generally a short-term obligation.

Findings from multi-State evaluation studies point to a mixed assessment of OBRA programs (U.S. General Accounting Office, 1987; 1988; Gueron, 1990). In most cases, State programs yielded effective results despite diversity in populations. However, employment and earnings gains were modest, the welfare savings small, and the program did not succeed in moving large numbers of people out of poverty (Gueron, 1987).

Examination of these individual State initiatives suggests that rurality and local labor market conditions were important factors affecting program operation and results. A Manpower Demonstration Research Corporation assessment of AFDC work programs in West Virginia, for example, showed no gains in regular, unsubsidized employment or earnings during the 15-month study period (Friedlander and others,

1986). West Virginia, a small, largely rural State, had been hit hard by declines in its major industries, mining and steel. During the study period, the State's high unemployment severely limited job opportunities and helped to explain the program's poor performance. Rural study areas of Virginia and Arkansas also showed little or no employment gains compared with urban areas of the States (Gueron, 1987; 1990).

Ginsberg and Meehan (1987) contend that despite limited unsubsidized employment gains, the West Virginia program was a realistic response to a general decrease in economic resources and a deteriorating economy. They argue that placement of AFDC clients in subsidized public service jobs, for example, benefited clients by boosting their self-esteem and providing some measure of work experience, aided the community by providing needed public services, and helped the program by improving the image of welfare workers, recipients, and service agencies.

The Federal Government has long been involved in efforts to improve the education and employment opportunities of economically disadvantaged populations in both rural and urban areas. However, Federal programs operating in rural areas, including the Department of Labor's experimental programs of the 1960's and the CETA, JTPA, and WIN programs, have been plagued by problems of inequitable and limited funding, inadequate training facilities, limited employment opportunities, failure to link training with economic development programs, rural isolation, and lack of adequate transportation and child-care services. Program impacts have more often than not been minimal in both rural and urban areas. Researchers concluded that:

> There always seems to be a better way than the one currently in vogue to assist the needy. No reform seems to work as well as its proponents hope (Institute for Research on Poverty, 1989).

The JOBS program is only the latest in a long history of work programs in America.

The JOBS Program: The Legislation

The JOBS program is the centerpiece of the FSA legislation. JOBS creates education, training, and employment opportunities for those who receive welfare assistance under the AFDC program. The FSA

requires most AFDC recipients to participate in employment or training activities designed to help them obtain adequate employment and avoid long-term dependence on welfare. This section describes the legislation establishing the program nationwide.

Program Activities

States have considerable flexibility in designing their JOBS programs, but all must be approved by the U.S. Department of Health and Human Services (DHHS) at least once every 2 years. Primary responsibility for program administration lies with the State welfare agency.

The State must assess the educational, child-care, and supportive services needs, as well as the work experience and skills of each participant within the context of their individual family circumstances. In consultation with the individual, the State agency must develop an employability plan describing the activities in which the individual will participate and the services that will be provided under the program. Program activities are to be coordinated with programs operated under the JTPA, the State employment service, the State education agency, and other State programs.

States have mandatory requirements to provide certain types of training and placement activities and must provide two of four optional program components: job search, work supplementation, community work experience programs, and on-the-job training (table 1). Also, States may optionally offer post-secondary educational programs (in some cases, including a Bachelor or Associate degree) that will allow participants to obtain useful employment in recognized occupations.

Participation Requirements

JOBS requires all nonexempt AFDC recipients to participate in employment and training activities to the extent resources are available and appropriate child care is guaranteed. Some individuals are exempted from mandatory participation based on age of children; age, health, and employment status of parents; or residence in remote areas where participation is not feasible (table 1). Exempt AFDC recipients are not required to participate in JOBS, but they may participate in the program if they choose to and if sufficient funds are available.

The FSA requires States to meet specified participation rates for eligible recipients or risk reductions in Federal matching payments. In fiscal years 1990 and 1991, at least 7 percent of the nonexempt

Table 1—Basic provisions of the JOBS program

Program activities	States must include the following activities: • Basic educational activities, including high school or equivalent education, basic and remedial education to achieve a basic literacy level, and education for individuals with limited English proficiency. • Job skills training. • Job-readiness activities. • Job development and job placement. • Supportive services, including child care and transportation, if required for program participation. In addition, programs must include at least two of the following four work activities: • Group and individual job search. • On-the-job training (OJT). • Work-supplementation programs in which the State pays a private employer the recipient's welfare payment that is used to subsidize wages. • Community work experience programs (CWEP) in which recipients are required to work off, at minimum-wage rates, their welfare grants by performing community work, or participate in other work-experience programs approved by the Department of Health and Human Services.

--Continued

Table 1—Basic provisions of the JOBS program--Continued

Participation requirements	All nonexempt AFDC recipients are required to participate in JOBS to the extent resources are available and appropriate child care is guaranteed. Individuals exempted from mandatory participation in JOBS include those who are: • Ill, incapacitated, or 60 years and older. • Needed at home because of illness of another family member. • Employed 30 or more hours a week. • Under age 16 or attending school full-time. • In the second or later trimester of pregnancy. • Living in an area so far away from a JOBS activity that participation is not feasible. • The parent or other relative of a child under age 3 (or, at the State's option, age 1) who personally provides care for the child. Exempt AFDC recipients are not required to participate in JOBS but are allowed to volunteer to participate.
Priority groups	States must spend 55 percent of their funds on: • Families in which the custodial parent is under age 24 and has not completed high school or has had little or no work experience in the previous year. • Families in which the youngest child is within 2 years of being ineligible for assistance because of age. • Families who have received assistance for more than 36 months during the past 5 years.

Source: Office of Federal Register (1989), Rovner (1988), U.S. House of Representatives (1989), and Skinner and others in this volume.

caseload must participate in JOBS, with increases up to 20 percent by 1995. Participation requirements for various groups of JOBS participants differ in terms of minimum and maximum hours of program participation and types of activities required (see Office of Federal Register, 1989, for more details).

The act required all States to operate an AFDC-UP (Unemployed Parent) program by October 1990 to provide welfare benefits to poor two-parent families where the principal wage earner is unemployed. States may require full-time participation (not to exceed 40 hours) by either parent in JOBS activities and may require participation by both spouses, subject to meeting child-care needs. Beginning in 1994, at least one parent in AFDC-UP families must participate at least 16 hours a week in a work activity. States are required to enroll 40 percent of their AFDC-UP cases in work programs in 1994, 50 percent in 1995, 60 percent in 1996, and 75 percent in 1997 and 1998.

The FSA encourages States to serve individuals who are most likely to become long-term welfare recipients. Federal matching funds will be substantially reduced unless at least 55 percent of the funds is spent on specified priority groups (table 1).

Child Care and Other Supportive Services

The FSA requires each State to guarantee care for each child under age 13 or incapacitated adult needing care when such care is necessary for a welfare recipient to participate in JOBS activities or accept a job. Also, States are required to reimburse or pay for transportation and other work-related expenses necessary for an individual's participation in JOBS activities.

Status of State Programs

The act requires each State to have established a JOBS program by October 1, 1990. As of December 1989, when this study was initiated, 25 States had submitted JOBS plans and received approval from the DHHS to begin program operation (table 2). Building on the CWEP and WIN demonstration projects established under earlier legislation, many States were able to quickly implement JOBS programs. Program development in other States was slowed by a lack of experience in providing the variety of services required by the act and by limited availability of State matching funds to support the programs. Many

Table 2—State JOBS programs offer different program activities

State	Optional components			
	Job search	Work supplementation	Community work experience	On-the-job training
Arkansas (9)[1]	X[2]	--[3]	X	X
California (50)	X	X	X	X
Connecticut (36)	X	--	--	X
Delaware (31)	X	--	X	X
Florida (43)	X	X	X	X
Georgia (17)	X	X	X	X
Iowa (14)	X	--	X	--
Kansas (24)	X	X	X	X
Maryland (38)	X	X	--	X
Massachusetts (41)	X	X	--	X
Michigan (32)	X	X	X	X
Minnesota (25)	X	X	X	X
Nebraska (19)	X	--	X	X
New Jersey (49)	X	X	X	X
Nevada (46)	X	X	X	X
New Hampshire (10)	X	--	--	X
Ohio (34)	X	X	X	--
Oklahoma (26)	X	X	X	--
Pennsylvania (30)	X	--	X	X
Rhode Island (48)	X	X	X	X
South Carolina (13)	X	--	X	X
South Dakota (3)	X	--	X	X
Utah (44)	X	--	X	X
West Virginia (2)	X	--	X	X
Wisconsin (20)	X	X	X	X

[1]Numbers in parentheses represent the ranking of States by proportion of population that was rural in 1980. Low rankings identify States with the largest rural proportions. [2]X = Component provided. [3]-- = Component not provided.

Source: State JOBS and supportive services plans submitted to the Family Support Administration, U.S. Dept. of Health and Human Services.

of the most rural States (9 of the top 15) had not submitted proposals or received approval by December 1989.

Although all States have now received approval for their JOBS programs, I draw from these 25 plans to illustrate the wide variety of options available to individual States and to provide insights into key issues relevant to the operation of JOBS in rural areas. State JOBS programs may have been modified since 1989 and the plans reviewed here may not be the final JOBS programs developed by individual States and currently in operation.

Key Issues for JOBS Programs in Rural Areas

JOBS programs will have different outcomes depending on choices made by individual States. States select their program objectives and identify the mix of program activities, types of participants to be included, and geographic areas to be served. These decisions will be constrained by the amounts of State and matching Federal funds available for the program. At the same time, the success of the JOBS program will be influenced by the rural setting and events external to individual State decisions. Employment opportunities, the particular needs of the eligible AFDC population, and the adequacy of delivery services in local areas are important considerations for understanding program operation and effectiveness in rural areas.

Our knowledge of the JOBS program, current characteristics of rural areas, and the performance of other employment-related programs in rural areas helps to identify several key elements useful for planning and evaluating JOBS programs in rural areas. These key elements are:

- Funding constraints.
- Coverage of State JOBS programs.
- Available employment opportunities.
- Characteristics of the eligible population.
- Adequacy of local delivery services.

Funding Constraints

To a large extent, the coverage of State programs will depend on the State's ability to match Federal funding. The FSA authorized $800 million in Federal funds to match State expenditures for JOBS in 1990, increasing to $1.3 billion in 1995. Open-ended Federal matching funds are available to cover child-care costs for JOBS participants and other AFDC recipients needing child care. The amount of funds available for the JOBS program in each State will influence program decisions and may constrain the number and types of participants to be served, the types of services offered, and the geographic coverage in the State.

Because JOBS is a matching program, a State must commit some of its own funds to receive Federal funds. The match rate for JOBS is either 60 percent or the State's Medicaid match rate (the percentage of Medicaid paid to each State by the Federal Government), whichever is greater. State Medicaid rates varied from 50 to 80 percent in 1989. For example, Tennessee's Federal Medicaid match rate is 70 percent so the State must provide 30 percent of the funds for JOBS to receive Federal funding. However, Tennessee had difficulty making a commitment to the JOBS program and turned back almost $11 million in Federal JOBS money in fiscal year 1990 because it had not appropriated enough to use the full Federal match (Eberle and Greenberg, 1990; Romig, 1991). Other States, such as North Carolina, also faced budget deficits during the recent recessionary period. Until the economy improves, many States will continue to face problems of insufficient funding.

Program Coverage

A major controversy over welfare-to-work programs has focused on program goals and whether such programs aim at reducing poverty or decreasing welfare dependence. Advocates for reducing poverty, arguing that insufficient human capital (skills, training, and education) is the critical reason for continued poverty, encourage intensive education and training services and adequate child-care assurances for those who leave welfare to take employment. Advocates for reducing welfare dependence assert that appropriate jobs are available but that welfare recipients are unwilling or too discouraged to seek work. These proponents advocate lower cost job placement assistance and mandatory participation in work programs to move families off the welfare rolls.

The controversy over reducing poverty or decreasing welfare dependence is particularly relevant to JOBS, since funding levels will limit what the program can do. States have considerable flexibility in designing and implementing their JOBS program to respond to local situations. However, the combined Federal and State resources authorized by the legislation will not be sufficient to allow States to offer comprehensive, intensive employment and training services to all AFDC recipients. States will have to make choices about reducing welfare dependency by serving larger numbers of participants with lower cost services or providing more intensive (and perhaps more effective) services to fewer people to help move them out of poverty (Gueron, 1990). This decision will depend on a State's primary program objective: whether to help families move toward long-term independence from poverty or to reduce AFDC dependence by removing families from welfare rolls. Based on their program objectives and funding levels, States must make decisions concerning the extent of geographic coverage, the types of programs offered, and the population groups to be served.

Geographic Coverage

Although the FSA requires each county to have a JOBS program, program regulations suggest that many rural counties will not operate their own JOBS program. States were required to establish a JOBS program in each county, if feasible, by October 1, 1992. States determine program feasibility based on the number of prospective participants and local economic conditions. However, FSA regulations specify that a JOBS program can meet the statewide requirement and satisfy the intent of the law if (1) a minimal program (offering high school education, job referral services, and one of the four optional components) is available to 95 percent of adult AFDC recipients or (2) a complete program (offering all mandatory activities and two optional components) is available in all Metropolitan Statistical Areas and offered to 75 percent of the adult AFDC population in the State. States not meeting these criteria must provide justification to the DHHS.

Many rural counties will not have JOBS programs because of their small number of AFDC recipients or local conditions. For example, Florida's Project Independence does not offer JOBS programs in 15 counties because they are considered remote and have fewer than 100 AFDC cases. Florida proposed to include these counties by 1992, if funding was available. Even if a State meets the statewide criteria specified above, it will not necessarily operate a JOBS program in every county. Iowa, for example, could meet the statewide criteria by

operating a complete JOBS program in only 31 of its 99 counties, serving an estimated 88 percent of the AFDC population.

States have adopted different strategies for providing statewide JOBS activities and services to their clients. These strategies suggest that rural counties may have more limited access to JOBS programs. Some States have designed JOBS programs to serve groups of counties. South Carolina's Work Support Services program, for example, established 17 target areas, grouping some of its rural counties with an urban county to insure a sufficient number of clients to justify and support the operation of the program. Nebraska, New Hampshire, and Rhode Island also meet statewide criteria but provide services through multicounty districts. AFDC recipients in these county groupings will have access to JOBS program activities, but they may not have a JOBS program in their home county. Counties without JOBS programs will most likely be rural, with small numbers of AFDC recipients, limited funding, and limited employment and training services and facilities. At the same time, the most remote rural counties that do operate JOBS programs will most likely offer a minimal JOBS program.

Types of Programs Offered

States have considerable flexibility in choosing the types of programs to be offered, but some program activities may be more useful to rural participants than others. Since job opportunities are often more limited in rural areas, activities with a job creation or a temporary employment component may be more effective than other programs for helping the rural poor (Briggs and others, 1984). Work supplementation, and to a lesser extent, on-the-job training (OJT) and the CWEP, provide increased employment for program participants while they are in the program and may lead to future unsubsidized employment. While all of the 25 States proposed to offer individual and group job search activities, the least expensive optional program, 4 States did not offer the CWEP, 3 States did not provide OJT, and 11 States made no provision for work supplementation programs (table 2). The rural States (with rankings under 25) were about equally as likely as urban States to provide the CWEP and OJT but considerably less likely to offer the most expensive work supplementation activities.

States that offered the more expensive components generally served small numbers of AFDC recipients. For example, Georgia's Positive Employment and Community Help (PEACH) program expected to serve about 4,000 clients with educational assistance, 3,500 with job search and development, 90 in the CWEP, 30 in OJT, and 30 in work

supplementation in fiscal year 1990. The Ohio JOBS program expected to serve 11,000 in job search, 14,000 in education and training, 8,500 in the CWEP, and 2,000 in work supplementation in fiscal year 1990. Thus, the components offering a job creation activity that may be most beneficial to rural areas appear to serve only small numbers of recipients.

Also, States are not required to provide all components in all counties and JOBS participation in some rural parts of States may be hindered by the lack of program activities easily accessible to a widely dispersed population. Minnesota's PATHS program offers job search in all counties, but the choice of a second component is based on local needs and resources. The JOBS program in South Dakota offers all basic services and components except in areas where such efforts would be impractical and cost-prohibitive. South Dakota's most populated areas will be targeted first. Nebraska's Job Support program offers job activities through eight multicounty districts, but some districts have no postsecondary education institutions and cannot provide a complete range of education and training programs.

JOBS activities in multicounty groupings may be less accessible to more remote rural residents, depending on the number and size of the counties joined together. None of South Carolina's 17 target groups include more than 4 counties, but some AFDC recipients might have to travel over 80 miles one-way on rural roads to reach program activities on the far side of the target area. Distances in Nebraska's eight Job Support program districts are much greater. The JOBS program specifies that eligible recipients are not required (although they may volunteer) to participate in JOBS training or employment activities if they must travel more than 1 hour to reach the activity.

Coverage of Eligible Population

Nationalization of the AFDC-UP program is likely to benefit rural more than urban areas because the rural poor are overrepresented in States without AFDC-UP and are more likely to be married (Jensen, 1988). Thus, the number of rural AFDC recipients and those eligible for the JOBS program are likely to increase (see chapter IV). However, States also have the option of limiting the duration of AFDC-UP benefits and this is probably more likely to occur in the poorer, more rural States.

The FSA requires that parents with children 3 years old and older participate in the JOBS program, but States have the option to include

those with children as young as 1 year. Inclusion of these parents could raise the number of JOBS participants. However, only four of the States (Michigan, Nebraska, New Hampshire, Ohio) have elected to include parents with children age 1 and over; two States (New Jersey and Wisconsin) required participation of parents with children age 2 and over.

Options which increase the number of JOBS participants may help justify expanding program services and funding in small rural areas with few program participants. At the same time, increasing the population eligible for services may strain already-limited resources. Regardless, few of the States appear to be electing these options.

Employment Opportunities in Rural Areas

A key lesson learned from past welfare employment programs is that program success depends in large part on local economic conditions. Studies of past AFDC work programs in rural areas of West Virginia, Virginia, and Arkansas found that high unemployment, limited job opportunities, and isolated rural conditions resulted in little employment gain for AFDC recipients in these areas.

> West Virginia's program is a useful reminder that there are two sides to the labor market. Welfare employment programs focus on the supply side...Welfare recipients can be encouraged or required to take regular jobs, but the jobs must be available. The results to date suggest that demand constraints may be particularly acute in rural areas (Gueron, 1987, p. 23).

These studies concluded that while welfare recipients can be encouraged or required to take regular jobs, jobs must be available and must pay an adequate wage.

Given the more limited employment opportunities in rural areas, one recent study (Bloomquist and others, 1988) examined whether or not sufficient nonmetro job opportunities would be available for AFDC recipients eligible for AFDC work programs. Study results showed that the number of AFDC recipients that would be expected to participate in a work program in 1986 exceeded the number of vacant jobs for which they were educationally qualified by a ratio of 5 to 1. When both AFDC and non-AFDC recipients looking for such jobs were included, the ratio in nonmetro areas rose to over 12 workers for

every 1 job.[6] The authors suggest that the success of AFDC work programs will depend greatly on the overall health of the economy and economic conditions at the local level.

The DHHS argues that depressed local market conditions do not necessarily make a JOBS program infeasible, pointing out that there is some job turnover even in areas of high unemployment. However, the DHHS does concede that in a rural area where the sole employer has recently closed its plant, a State might be justified in not operating a JOBS program or operating only a minimal program (Office of Federal Register, 1989). For more on the relationship between the JOBS program and local economies, see chapter VI.

Characteristics of the Eligible Population

The characteristics of the local eligible population may also affect program operation and effectiveness. Hard-to-serve populations, such as high school dropouts, functional illiterates, those with language disabilities, or those facing multiple barriers to employment often require intensive, more expensive services for a longer period of time. By selecting populations with minimal barriers, local areas can provide short-duration, less-expensive services to more people while enhancing program performance measures. In the long run, however, helping problem individuals with more intensive services may produce greater results, because such people are at greater risk of becoming long-term and more costly AFDC recipients. The JOBS program, to some degree, helps reduce this selection bias by requiring States to give priority service to several target groups most likely to become long-term welfare recipients.

We have no direct evidence to suggest that selection bias is more likely to occur in nonmetro areas. However, nonmetro areas in general have larger proportions of high school dropouts, functional illiterates, and people with low education and skill levels than metro areas (Swanson and Butler, 1988; Swaim and Teixeira, 1991). Since persons with these characteristics are concentrated at the low end of the income

---

[6]The study did find that welfare employment programs in nonmetro areas had a greater likelihood for success than in metro areas because of the greater proportion of accessible jobs (defined as jobs requiring skills comparable with those held by welfare recipients) within nonmetro areas. Some caution should be used in evaluating the study findings since the analysis focuses only on vacancies and makes no allowance for the growth of new jobs in rural areas, which could be available to AFDC work program participants.

distribution, the nonmetro poverty population and AFDC population may have even greater proportions of particularly disadvantaged individuals who may need more comprehensive and intensive job services.

Not all eligible participants are suited for all program activities, and the characteristics of the individual determine the services needed (Friedlander, 1988). Some participants, for instance those who are first-time welfare applicants and have recent work experience, are likely to require few comprehensive services but may benefit from job search and placement assistance. Others, with limited work histories, will benefit from on-the-job training and work supplementation programs to improve skills or from vocational, secondary, or postsecondary school programs to raise education levels. Finally, long-term welfare recipients with no recent employment history are likely to have more severe problems requiring a more intensive mix of remedial training, basic education, and skills training.

While States will be able to offer a variety of services under the JOBS program, studies of past AFDC work programs suggest that decisions about which services are offered depend heavily on available resources. For example, the bulk of assistance under the WIN demonstration projects, the precursor to the JOBS program, focused on less expensive job search activities rather than skill training or work experience (U.S. General Accounting Office, 1987). To the extent that some areas have greater proportions of AFDC recipients requiring basic skills training or education, local programs that focus mainly on job search activities may underserve the needy population. Whether this problem is greater in metro or nonmetro areas is unknown.

Adequacy of Local Delivery Services

The success of JOBS in rural areas also depends on the adequacy of the service-delivery system, availability of educational and training facilities, and the ability of the local community to provide necessary supportive services, such as child care and transportation. Past employment-related programs have been hampered by inadequate community services and facilities to assist recipients. These problems may be more serious in rural areas because they traditionally have a more restricted tax base and frequently face problems of economies of scale and distance (Rainey and Rainey, 1978; Reeder, 1988). The per capita cost to provide a service is higher in a rural area with a small, widely dispersed number of people than in a medium-size town. Given these higher costs, a more limited tax base, and fewer tax options, it is

unlikely that many rural communities will be able to provide a full range of public services (Rainey and Rainey, 1978). (See chapter III for a more detailed discussion of the social service delivery system in rural areas.)

Availability of Training Facilities

For training facilities, individual State JOBS programs can contract with public or private schools, community-based organizations, local businesses, the employment service, and State employment and training programs authorized by the JTPA. In the past, State WIN demonstration projects, for example, frequently used the State's JTPA programs and local private and nonprofit agencies for skill training; local school districts for their high school equivalency, adult basic education, and English as a second language educational programs; and the State employment service to provide job placement services. Job search assistance and placement was provided largely by the WIN program staff (U.S. General Accounting Office, 1987; 1988). The most widely used subcontractors for JTPA training programs are secondary and postsecondary public education institutions, although some other private and public training institutions are used as well (Levitan and Gallo, 1988).

Analysts have suggested that employment programs in rural areas have been hampered by the lack of adequate training resources (Nilsen and Fratoe, 1984; Briggs, 1986). When program funds are limited, local areas are most likely to place their JOBS participants in the less expensive local school programs.

While data to address this issue are scarce, some general findings about the rural education system suggest that programs offered through public educational institutions may be less varied and less available to rural participants. While metro and nonmetro per capita school expenditures are fairly equal, the cost of providing a given educational service is higher in some rural areas because of the small number of students to spread the cost over (Reeder, 1988). Rural schools frequently cannot afford the range of programs available elsewhere. Small schools, which are disproportionately rural, provide few adult and cooperative education programs and have fewer area vocational centers. Although vocational agriculture programs in rural areas have been particularly effective, many rural vocational programs suffer from lower quality instruction and limited curricula (Swaim and Teixeira, 1991).

Nonmetro residents also have more limited access than metro residents to postsecondary institutions, including technical schools, junior colleges, and 4-year colleges, that are potential sites for JOBS training activities. Only 22 percent of nonmetro counties had a public college or university in 1986 compared with 64 percent for metro counties, according to the U.S. Department of Health and Human Services (Swaim and Teixeira, 1991).

Also, job placement services provided through local Federal-State employment service offices are less readily available to rural residents. About 2,000 employment service offices serve over 3,100 U.S. counties. Some counties have more than one office, depending on population concentrations and employment needs; others, particularly those in less densely populated rural areas, have none. Some State employment service offices have implemented innovative mail and toll-free telephone referral services to serve their more remote clients, but these measures have been adopted in only a few States.

Transportation

Lack of transportation, for some AFDC recipients, creates a barrier to participating in a program or taking a job (U.S. General Accounting Office, 1987). The barrier may stem from unavailability of the service since public transportation does not exist in many rural and suburban areas. The barrier may also be financial since some individuals with cars or access to public transit may lack the money for gasoline, car repairs, or public transit fares.

The JOBS program requires States to reimburse or pay for transportation and other work-related expenses necessary for an individual's participation in JOBS activities. However, States may exclude individuals from participating in the program if they reside in areas too remote to be served. Participants who must travel more than 1 hour one-way, exclusive of time to transport children, are not required to participate in JOBS. However, if normal commuting time exceeds this limit, then participants' travel time should not exceed accepted community standards.

Transportation problems may limit participants' options rather than disqualify them from participation. Individuals who cannot get to activities such as training or work experience can be assigned to individual job search or high school equivalency classes offered at a local school.

Transportation difficulties for JOBS participants are likely to be more severe in rural areas. A review of the WIN demonstration projects in 1986 showed that most individuals exempted from participation or placed in inactive status for lack of transportation were in rural areas (U.S. General Accounting Office, 1987). Under the JOBS program, each State will set its own method and level of transportation assistance. In some cases, assistance will involve daily reimbursement for mileage or public transportation, coordination with other agencies and programs to develop transportation systems, reimbursement for car repair, or even assistance with downpayments to purchase automobiles.

Child-Care Arrangements

The JOBS program requires States to guarantee care for each child under age 13 if child care is necessary for a welfare parent to participate in the program or to accept a job. Custodial parents with children under age 1 are exempted from the JOBS program but States have the option to include custodial parents with children age 1 to 3. As of April 1, 1990, States were required to guarantee child-care services for 1 year after a family becomes ineligible for assistance because of increased earnings or employment. Custodial parents may be exempted from participation in the JOBS program if adequate child care is not available.

The JOBS program allows States to pay for a range of child-care services, including directly providing care, supplying a family with cash or vouchers in advance or as reimbursals, or directly contracting with providers. JOBS requires States to pay actual costs of child care or make payments of at least $175 per month per child ($200 if the child is under age 2), but may not reimburse costs that exceed the local market rate.[7]

Little information is available to help estimate the need for child-care services under JOBS in rural areas. Past evaluations of the WIN demonstration projects suggest that some programs, particularly in rural or inner city areas, had difficulty obtaining child-care providers for participants (U.S. General Accounting Office, 1987). In some cases, participation was prevented by lack of child care; in others, participants were placed in programs such as work experience during children's

[7]See Office of Federal Register (1989) for a discussion of methods to be used in determining local market rate.

school hours rather than in education or training activities that required longer hours.

Group child-care options, particularly formal nursery, preschool, and daycare centers, are likely to be more limited in rural than in urban areas. General impressions about kinship patterns, attitudes toward formal services, and life in rural areas suggest that rural women are more likely to go to family members to meet their child-care needs (Watkins and Watkins, 1984). Data indicate that nonmetro working mothers with children 5 years and under were less likely to use formalized group child-care arrangements (nursery, preschool, or daycare centers) than mothers in central cities or suburban areas (Dawson and Cain, 1990; O'Connell and Rogers, 1983). This arrangement may be due to fewer accessible facilities in rural areas or to mothers' preference. However, nonmetro mothers were no more likely than mothers in central cities to use relatives for child-care arrangements. Little information is available on after school child-care needs for older rural children or on the numbers of rural women who do not work because child care is not available. More limited child-care options, combined with transportation problems in some rural areas, will likely limit AFDC recipients' participation in JOBS.

Will JOBS Work in Rural Areas?

The major question addressed in this paper is simple: Given what we know about the general operation of the JOBS program, the socioeconomic conditions of rural areas, and the performance of other employment-related Federal programs, will the JOBS program prove effective in rural areas? The answer is not as simple and it will be some time before any empirically based assessments will be available. Some JOBS activities will undoubtedly help some people under certain conditions. The key to assessing the effects of the JOBS program lies in the variation among individual State plans and the wide diversity among rural people and communities.

The JOBS program appears to have avoided some of the problems experienced in earlier employment-related programs in rural areas. First, the JOBS program does not tie any of its program services or client eligibility criteria directly to the local unemployment rate as a measure of need. Eligibility is determined by each State based on income and characteristics of the individual family; the amount and type of program assistance is determined largely by available funds and local needs.

Second, some assessments of past employment programs found that job creation activities, such as public service employment programs, were particularly effective in rural areas. The most successful rural JOBS programs will offer on-the-job training, community work experience, or work supplementation activities. Some of the States reviewed here offer all three. These activities help to establish a more direct link between training and employment, providing a better chance for future unsubsidized employment.

Third, JOBS tries to avoid the problem of selection bias in past programs where only the most job-ready were served. JOBS requires States to give priority service to those who are most likely to become long-term welfare recipients and ties Federal funding to the proportion served. This may particularly benefit those rural areas that have higher proportions of hard-to-serve AFDC recipients.

Fourth, JOBS recognizes the importance of decentralizing program administration to the local level, acknowledging that different areas have different needs and populations to be served. States have considerable flexibility in designing their programs to match their funding, local resources, client needs, and program objectives.

However, the JOBS program has not addressed all of the problems experienced in past rural employment programs. The effectiveness of JOBS in rural areas will depend on a variety of factors operating at the local and State level. These factors include the wide variation in the coverage of individual State programs, the health of the local economy, the characteristics of the AFDC population to be served, and the ability of the local community to provide necessary training facilities, child care, transportation, and other supportive services.

Individual programs will have different outcomes depending on the needs of the participants, the local conditions, and the adequacy of the delivery system. A JOBS program developed to serve AFDC participants in Mora County, New Mexico, a totally rural county where over one-third of the largely Hispanic, low-educated population is unemployed, will operate differently with different results than a program designed to serve McPherson County, Nebraska, a largely agricultural community with relatively high educational levels and less than 2 percent unemployment. Program participants in areas with high unemployment and low education levels, like Mora County, will be more difficult to serve.

Assessments of the JOBS programs in individual rural areas should address several questions: Will the mix of programs and services offered by an area adequately and equitably serve and benefit its rural population? Will sufficient job opportunities be available to move JOBS participants off of welfare and into unsubsidized employment? How will the characteristics of the eligible AFDC population affect program selection, administration, and effectiveness? How will participation in the program be affected by the local service-delivery system, availability of educational and training facilities, and the ability of the local community to provide necessary supportive services, such as child care and transportation?

It may be several years before multisite evaluation studies on the effects of JOBS are completed. The most reliable assessments will use an experimental design with a randomly selected control group to determine the short- and long-term effects of program participation. The DHHS recently awarded the Manpower Demonstration Research Corporation a research contract to test the impact of different JOBS approaches in 10 States, including at least one rural site. The 18-month study will have 2-year and 5-year followups.

In the end, we should hold realistic expectations about the potential effects of the JOBS program, particularly in rural areas. The AFDC population accounts for only a small proportion of the rural poor and the JOBS program will not be available to most of them. JOBS alone will not eliminate unemployment or abolish welfare assistance in either rural or urban areas.

While the JOBS program does not hold all of the answers, it has the potential to make a difference in the lives of some rural people. The success of the program will be measured at the local level, through the efforts of program participants, the community, and the local government.

References

Barnow, Burt S. "The Impact of CETA Programs on Earnings: A Review of the Literature," *Journal of Human Resources*, Vol. 22, No. 2, Spring 1987, pp. 157-193.

Bloomquist, Leonard, Leif Jensen, and Ruy Teixeira. "Too Few Jobs for Workfare to Put Many to Work," *Rural Development Perspectives*, Vol. 5, Issue 1, Oct. 1988, pp. 8-12.

Briggs, Vernon. "Rural Labor Markets: The Role of Government," *Symposium on Rural Labor Markets Research Issues*. Molly Killian, Leonard Bloomquist, Shelley Pendleton, and David McGranahan (eds.). Staff Report AGES860721. U.S. Dept. Agr., Econ. Res. Serv., Sept. 1986.

Briggs, Vernon, Brian Rungeling, and Lewis Smith. *Public Service Employment in the Rural South*. Austin: Bureau of Business Research of the University of Texas, 1984.

Brown, David L., and Kenneth L. Deavers. "Rural Change and the Rural Economic Policy Agenda for the 1980's," *Rural Economic Development in the 1980's*. David Brown, Norman Reid, Herman Bluestone, David McGranahan, and Sara Mazie (eds.). RDRR-69. U.S. Dept. Agr., Econ. Res. Serv., Sept. 1988.

Dawson, Deborah A., and Virginia S. Cain. *Child Care Arrangements: Health of our Nation's Children, United States, 1988*. Advance Data, No. 187. U.S. Department of Health and Human Services, National Center for Health Statistics, Oct. 1, 1990.

Deavers, Kenneth L., and Robert Hoppe. "The Rural Poor: The Past As Prologue," *Rural Policies for the 1990s*. Cornelia Flora and James Christenson (eds.). Boulder, CO: Westview Press, 1991.

Eberle, Carolyn, and Mark Greenberg. "Key Issues for JOBS Planning," *Southern Regional Council Legislative Bulletin*, No. 7, Summer 1990, pp. 4-5.

Evanson, Elizabeth. "Employment Programs for the Poor: Government in the Labor Market," *Focus*, Vol. 7, No. 3, Fall 1984, pp. 1-7.

Freshwater, David. "A Synopsis of the Proceedings of the Rural Development Symposium," *Towards Rural Development Policy for the 1990's: Enhancing Income and Employment Opportunities*. S. Prt. 101-50. Proceedings of a symposium sponsored by the Congressional Research Service at the request of the Joint Economic Committee, Congress of the United States. Sept. 14, 1989.

Friedlander, Daniel M. *Subgroup Impacts and Performance Indicators for Selected Welfare Employment Programs*. New York: Manpower Demonstration Research Corporation, 1988.

Friedlander, Daniel M., Marjorie Erickson, Gayle Hamilton, and Virginia Knox. *West Virginia: The Demonstration of State Work/Welfare Initiatives--Final Report on the Community Work Experience Demonstrations*. New York: Manpower Demonstration Research Corporation, 1986.

Ginsberg, Leon, and Kevin J. Meehan. "Workfare in Rural America: The West Virginia Experience," *Human Services in the Rural Environment*, Vol. 11, No. 1, Spring/Summer 1987, pp. 22-28.

Gottschalk, Peter. *U.S. Labor Market Policies Since the 1960s: A Survey of Programs and Their Effectiveness*. University of Wisconsin-Madison, Institute for Research on Poverty, 1983.

Gueron, Judith. *Reforming Welfare with Work*. Occasional Paper Number Two. New York: Ford Foundation Project on Social Welfare and the American Future, 1987.

_____. "Work and Welfare: Lessons on Employment Programs," *The Journal of Economic Perspectives*, Vol. 4, No. 1, Winter 1990, pp. 79-98.

Handler, Joel F. "Consensus on Redirection--Which Direction?" *Focus*, Vol. 11, No. 1, Spring 1988, pp. 29-34.

Hoppe, Robert. "Poverty in Rural America: The Statistical Evidence," *Outreach to the Rural Disadvantaged: Issues and Strategies for the 21st Century*. Ntam Baharanyi, Robert Zabawa, and Walter Hill (eds.). Proceedings of the 47th Annual Professional Agricultural Workers Conference, Tuskegee University, AL, Dec. 3-5, 1989.

Institute for Research on Poverty. "The Family Support Act," *Focus*, Vol. 11, No. 4, Winter 1989, pp. 15-18.

Jensen, Leif. "Rural-Urban Differences in the Utilization and Ameliorative Effects of Welfare Programs," *Policy Studies Review*, Vol. 7, No. 4, Summer 1988, pp. 782-794.

Levitan, Sar A., and Frank Gallo. *A Second Chance: Training for Jobs*. Kalamazoo: W.E. Upjohn Institute, 1988.

Levitan, Sar A., Garth L. Mangum, and Ray Marshall. *Human Resources and Labor Markets*. New York: Harper and Row. 1976.

Lichter, Daniel T. "Measuring Underemployment in Rural Areas," *Rural Development Perspectives*, Vol. 3, Issue 2, Feb. 1987, pp. 11-14.

Marshall, Ray. *Rural Workers in Rural Labor Markets*. Salt Lake City: Olympus Publishing Co., 1974.

Martin, Philip L. "Public Service Employment and Rural America," *American Journal of Agricultural Economics*, Vol. 59, No. 2, May 1977, pp. 275-282.

Miller, Dorothy C. "Poor Women and Work Programs: Back to the Future," *Affilia*, Vol. 4, No. 1, Spring 1989, pp. 9-22.

Nathan, Richard, and Robert Cook. *Public Service Employment: A Field Evaluation*. Washington, DC: Brookings Institute. 1981.

Nilsen, Sigurd, and Frank Fratoe. "Job Training Partnership Act, CETA, and Rural Communities," *Rural Development Perspectives*, Vol. 1, No. 1, Oct. 1984, pp. 34-37.

O'Connell, Martin, and Carolyn C. Rogers. *Child Care Arrangements of Working Mothers: June 1982*. Current Population Reports, Series P-23, No. 129. U.S. Dept. of Com., Bur. Census, Nov. 1983.

Office of Federal Register, National Archives and Records Administration. "Aid to Families with Dependent Children; Job Opportunities and Basic Skills Training Program and Child Care and Supportive Services; Final Rule," *Federal Register*. A Ruling by the U.S. Department of Health and Human Services, Family Support Administration. Oct. 13, 1989.

Rainey, Kenneth D., and Karen G. Rainey. "Rural Government and Local Public Services," *Rural U.S.A.: Persistence and Change.* Thomas R. Ford (ed.). Ames: Iowa State University Press, 1978.

Redman, John. *Metro/Nonmetro Funding Allocation Under Title II-A, Job Training Partnership Act.* Staff Report AGES 9071. U.S. Dept. Agr., Econ. Res. Serv., Nov. 1990a.

_____. *Metro/Nonmetro Program Performance Under Title II-A, Job Training Partnership Act.* Staff Report AGES 9072. U.S. Dept. Agr., Econ. Res. Serv., Dec. 1990b.

Reeder, Richard J. *Rural and Urban Government Fiscal Trends, 1977-82.* Staff Report AGES880210. U.S. Dept. Agr., Econ. Res. Serv., May 1988.

Reid, J. Norman, and Martha Frederick. *Rural America: Economic Performance, 1989.* AIB-609. U.S. Dept. Agr., Econ. Res. Serv., Aug. 1990.

Romig, Candace L. "Welfare Reform: How Well Is It Working?," *Intergovernmental Perspective*, Vol. 17, No. 2, Spring 1991, pp. 20-24.

Ross, Peggy J., and Stuart A. Rosenfeld. "Human Resource Policies and Economic Development," *Rural Economic Development in the 1980's.* David Brown, Norman Reid, Herman Bluestone, David McGranahan, and Sara Mazie (eds.). RDRR-69. U.S. Dept. Agr., Econ. Res. Serv., Sept. 1988.

Rovner, Julie. "Congress Approves Overhaul of Welfare System," *Congressional Quarterly Weekly Report*, Vol. 46, No. 41, Oct. 8, 1988, pp. 2825-2831.

Swaim, Paul L., and Ruy Teixeira. *Educational and Training Policy: Skill Upgrading for the Rural Workforce.* Staff Report. U.S. Dept. Agr., Econ. Res. Serv., 1991.

Swanson, Linda, and Margaret Butler. "Human Resource Base of Rural Economies," *Rural Economic Development in the 1980's: Prospects for the Future.* David Brown, Norman Reid, Herman Bluestone, David McGranahan, and Sara Mazie (eds.). RDRR-69. U.S. Dept. Agr., Econ. Res. Serv., Sept. 1988.

U.S. Department of Agriculture, Economic Research Service. *Rural Conditions and Trends*. Vol. 1, Issue 1, Spring 1990.

U.S. General Accounting Office. *Job Training Partnership Act: Services and Outcomes for Participants with Different Needs*. GAO/HRD-89-52. June 1989.

_____. *Work and Welfare: Analysis of AFDC Employment Programs in Four States*. GAO/HRD-88-33FS. Jan. 1988.

_____. *Work and Welfare: Current AFDC Work Programs and Implications for Federal Policy*. GAO/HRD-87-34. Jan. 1987.

U.S. House of Representatives, Committee on Ways and Means. *Background Material and Data on Programs within the Jurisdiction of the Committee on Ways and Means*. WMCP 101-4. Prepared for the Use of the Committee on Ways and Means by its staff. Mar. 15, 1989.

Watkins, Julia M., and Dennis A. Watkins. *Social Policy and the Rural Setting*. New York: Springer Publishing Company, 1984.

Whitener, Leslie. "Nonmetro Unemployment Continues to Decline," *Rural Conditions and Trends*, Vol. 1, No. 1, Spring 1990, pp. 8-9.

Wiseman, Michael. "Workfare and Welfare Policy." *Focus*, 9, No. 3, Fall and Winter 1986, pp. 1-8.

Chapter VI

The JOBS Program and Local Rural Economies

Deborah M. Tootle

The success of the Job Opportunities and Basic Skills Training (JOBS) programs in rural areas depends upon social and economic conditions in local rural economies. Persistent differences in social and economic resources between rural and urban areas, and diversity among rural areas present definite, but not insurmountable, challenges in implementing the JOBS program. Whether local rural economies can absorb JOBS participants is less clear. Rural areas appear to provide more of the types of jobs for which JOBS participants are eligible. However, fewer of these jobs may be available in economically depressed rural areas.

The Family Support Act (FSA) of 1988 mandates each State to establish a Job Opportunities and Basic Skills Training (JOBS) program. However, the FSA provides few locational guidelines; States determine when and where the JOBS program will be implemented and have some discretion in the types of services offered. Unlike some Federal social insurance programs such as Social Security, the JOBS program is locationally dependent. Particular areas may be targeted prior to others for program implementation, and successful implementation and operation of the JOBS program may be related to specific social, economic, and demographic characteristics of an area.

Diverse social and economic resources and diverse economic activities have historically differentiated rural[1] and urban areas. The highly populated urban areas have typically been centers of trade, industry, and commerce. In rural areas, economies have depended more on the

[1]For the analyses presented in this chapter, rural areas are defined as rural labor market areas (LMA's). For the definitions of LMA's, rural LMA's, and urban LMA's, see appendix 1, "Sorting Labor Market Areas." When citing other literature, however, this chapter uses the term "rural" more loosely to encompass whatever rural or nonmetro definition the original authors used.

natural environment; a higher proportion of occupations has been concerned with extracting natural resources. However, despite growing similarities between urban and rural economic activities, substantial social, economic, and demographic differences persist. As a result, social policies affecting economic well-being may have different consequences for urban and rural areas.

In this chapter, I examine characteristics of local economies that may affect the implementation and operation of the JOBS program in rural areas. By considering the social and economic conditions under which the JOBS program is implemented, rural policy planners should be able to design strategies for more effective service delivery. Some programs may prove more effective than others, depending on the type of rural economy (Brown and Deavers, 1988).[2]

Structural Differences Between Rural and Urban Areas

The word "rural" evokes decidedly agrarian imagery. However, associating rural areas with a farming lifestyle is what Burgess (1989) calls the first prevailing myth about life in rural America. Indeed, in 1989, only 6.9 percent of the employed rural population were farm operators, managers, or workers (U.S. Department of Commerce, Bureau of the Census, 1990).

Nonetheless, agriculture played a critical role in changing the U.S. economy. Immediately after World War II, agriculture experienced a dramatic boom. Although tractor power had already been implemented on many farms by the 1950's, the boom and the prosperity associated with it enabled farmers to adopt additional agricultural technologies. These technological advances allowed farmers to increase productivity and reduce the need for human labor. By the 1960's, much of the hand labor of traditional agriculture was eliminated, as mechanical power was substituted for human labor power (Cochrane, 1979). Farm mechanization displaced many farmers and farm workers, and created a surplus of relatively unskilled, low-wage labor (Havens, 1982). This pool of low-wage labor encouraged the relocation of other industries to rural areas, leading to some convergence in sources of employment in urban and rural areas.

[2]Names in parentheses refer to sources listed in the references at the end of the chapter.

Persistence of Differences

Nevertheless, considerable social, demographic, and economic differences persist between urban and rural areas. Rural populations consist of proportionately fewer minorities and more elderly than urban populations. Rural residents tend to be less educated than urban residents. The sparse population and the relative isolation of rural areas result in small-scale social institutions, limited resources, and a relatively high cost per person of providing services (Powers and Moe, 1982).

And, urban and rural areas have distinctive patterns of economic activity (Horan and Killian, 1984). Manufacturing jobs now make up a larger share of employment in rural than in urban areas, and rural labor markets are disproportionately dependent on low-wage, less stable, and labor-intensive routine industries (Bloomquist, 1988; McGranahan, 1988). Furthermore, "the most salient characteristic of the rural labor force is that it is primarily composed of unskilled and semiskilled workers" (Swanson, 1989, p. 94). Standards of living are lower in rural areas. Rural labor markets also tend to have lower incomes, higher unemployment and underemployment, and higher rates of poverty (Deavers, Hoppe, and Ross, 1986; Lichter and Costanzo, 1987; Tienda, 1986; Tweeten, 1986).

Diversity Within Rural Areas

Burgess' second prevailing myth about rural America is that rural areas are homogeneous. In reality, rural areas vary in population composition and size, economic organization, and institutional infrastructure (Burgess, 1989). Diversity between, and specialization within, regions have long existed in rural America. "[I]t is not possible to describe an archetypical American rural community, or even a typical rural region, given the economic diversification experienced by most rural communities during the past century" (Swanson, 1989, p. 3). Economic diversity shapes and sustains the population heterogeneity of rural America. Population characteristics are often related to economic opportunities, both current and historical, that affect settlement, migration, and fertility.

Two studies by the Economic Research Service (Bender and others, 1985; Hady and Ross, 1990) identify seven specialized rural county types by the dominant economic activity or demographic characteristics of the county: farming, mining, manufacturing, government services, Federal lands, retirement, and persistent poverty counties. These

studies strongly suggest that specialized rural economies are associated with distinct patterns of economic performance and demographic composition. They also emphasize the differences and lack of homogeneity among rural places.

Why is heterogeneity between urban and rural areas and among rural places relevant? First, most social policies are formulated with urban areas in mind, and do not consider the unique socioeconomic and demographic conditions of rural areas. The more densely populated urban areas tend to have greater fiscal and human resource bases than rural areas do. Social programs that may be relatively easy to implement in urban areas often meet formidable obstacles in rural areas, where the population is more geographically dispersed, and fiscal and human resources more scarce.

Second, heterogeneity among rural locations means geographic concentrations of particular population groups and economic activities. These concentrations strongly imply that the effects of welfare reform mandated by the FSA may vary across time and space. For instance, a State may start a JOBS program in some areas prior to others based on variations in the concentration of recipients of Aid to Families with Dependent Children (AFDC). The JOBS program may not be as effective in areas with inadequate resources and facilities for administering the program, or where unemployment is high. Work activities for program participants may be limited if few jobs are locally available for welfare recipients.

Local Conditions Which May Influence JOBS Program Performance

Labor market areas (LMA's) are the unit of analysis in this chapter. LMA's are geographic units consisting of clusters of counties. The counties are empirically linked on the basis of workers' commuting patterns between their homes and places of work. In this section, I compare demographic, social, and economic characteristics between urban and rural LMA's, as well as among LMA's with varying AFDC caseloads.[3] I show (1) how the composition of these LMA's differs and how these differences may affect the implementation of the JOBS

[3]See appendix 1 for more information about how LMA's, urban LMA's, and rural LMA's are defined and sorted by caseload.

program, and (2) how these LMA's may differ in their ability to absorb JOBS participants.

The seven different sets of LMA's analyzed in this chapter are:

- Total United States (382 LMA's),
- Total urban (230 LMA's),
- Total rural (152 LMA's),
- Urban labor markets where the AFDC caseload (percentage of families receiving AFDC) is equal to or greater than the urban average (5.0 percent) (97 LMA's),
- Rural labor markets where the AFDC caseload is equal to or greater than the rural average (4.9 percent) (62 LMA's),
- Urban labor markets where the AFDC caseload is equal to or greater than 7.0 percent (44 LMA's), and
- Rural labor markets where the AFDC caseload is equal to or greater than 7.0 percent (29 LMA's).

The last two sets of LMA's are subsets of the LMA's where the AFDC caseload is average or above. Seven percent was chosen as a cutpoint because it is the average caseload for urban (5.0 percent) and rural (4.9 percent) areas plus 1 standard deviation, rounded to the nearest whole number.[4] LMA's where the AFDC caseload equals or exceeds average are referred to in these analyses as high-caseload labor markets.

I use LMA's as the unit of analysis for two reasons. First, although the JOBS program will be implemented at the State level, it remains a locationally dependent program. The JOBS program may not be implemented statewide if the State can justify this action to the Federal Government. In addition, the same services may not necessarily be offered throughout the State (see chapter V). Analysis of potential effects thus requires a spatial orientation. Although urban and rural are spatial concepts, a simple urban and rural comparison is not sufficient

[4]See appendix 1 for an explanation as to why 1 standard deviation was used.

because of the diversity among rural areas. Aggregate comparisons of urban and rural areas alone would obscure differences among rural localities.

Second, the success of the JOBS program largely depends upon local economies, which must absorb JOBS program participants. Because LMA's identify the places where individuals are matched to jobs, they are the logical unit for analyzing the JOBS program. As functional economic units, LMA's constitute better measures of local economies than counties or other geographic units do. In contrast, counties are political units and do not necessarily encompass local economic activity. For most workers, the job search seldom depends upon county boundaries; the place of employment lies within a reasonable commute from home. Thus, even though welfare programs are administered by the county, it is the labor market, not the county, that must provide employment for JOBS participants.

Rural areas with relatively high concentrations of AFDC cases are geographically clustered (fig. 1). Much of this concentration lies in the South. Substantial proportions of the rural population in North and South Carolina, Georgia, Alabama, Mississippi, Louisiana, Arkansas, and Kentucky depend upon AFDC. Virginia, West Virginia, and Ohio contain smaller pockets of significant AFDC use. Residents of Michigan, the eastern portion of Maine, the southeastern tip of Missouri, northern California, and northeastern Arizona also rely heavily on AFDC.

The effect of the JOBS program largely depends upon two factors: (1) the existing human and fiscal resource base, and perhaps more importantly (2) the ability of the local labor market to absorb JOBS participants. Thus, I split the analysis into two sections. In the first, I examine differences in labor market composition that may affect the ability of the JOBS program to provide training and skills. In the second, I examine existing patterns and conditions of employment that may affect the ability of the labor market to absorb JOBS participants.

Labor Market Composition

Will population characteristics of rural labor markets make the JOBS program more difficult to administer in rural areas? To answer this question, I compare selected social and demographic characteristics

reflecting the human and fiscal resource bases in the seven labor market types. These characteristics are (table 1):

- Population density,
- Education levels (the percentage of high school graduates in the population aged 25 to 64 years), and
- Several indicators of local economic well-being (the percentage of minority population, per capita income, per capita AFDC income, AFDC as a percentage of total labor market personal income, percentage of families with female heads, and poverty rates).

Population Density

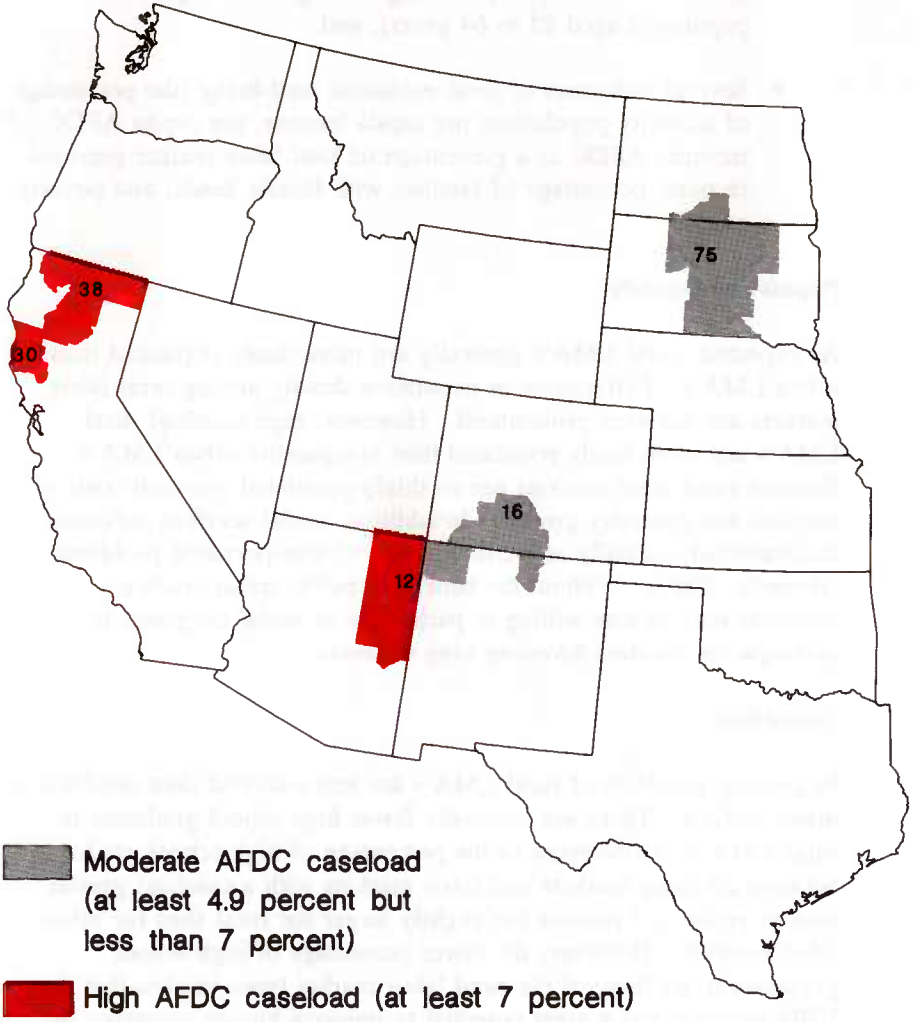
As expected, rural LMA's generally are more thinly populated than urban LMA's. Differences in population density among rural labor markets are not very pronounced. However, high-caseload rural LMA's are more thinly populated than comparable urban LMA's. Because rural labor markets are so thinly populated, per-unit costs of services are generally greater. In addition, social services are often underutilized, partially as a consequence of transportation problems (Honadle, 1983). Without the benefit of public transportation, residents may be less willing to participate in social programs if participation requires traveling long distances.

Education

In general, residents of rural LMA's are less educated than residents of urban LMA's. There are relatively fewer high school graduates in rural LMA's. Differences in the percentage of high school graduates between all labor markets and labor markets with a caseload greater than or equal to 7 percent are slightly larger for rural than for urban labor markets. However, the lower percentage of high school graduates in all three of the rural labor market types implies that the JOBS program has a great potential to improve human resources in these areas. Increased educational and job training opportunities provided by the JOBS program may enhance the overall quality of the rural labor supply and perhaps increase its competitiveness.

Figure 1

Rural labor market areas with moderate or high AFDC caseload[1]



[1] See appendix 2 for a list of the counties in these labor market areas.

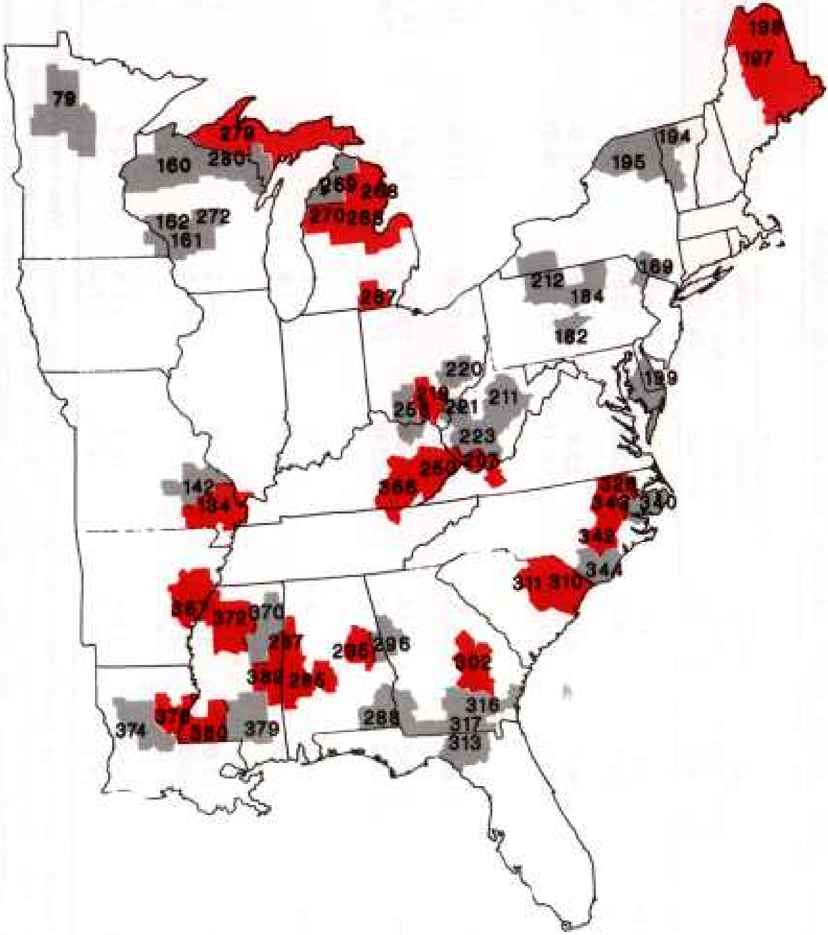

79
279
160
162
272
161
269
268
270
267
198
197
194
195
212
184
189
182
220
211
199
223
250
366
142
134
340
342
344
311
310
367
372
370
295
296
292
316
317
313
288
374
380
379

Table 1—Labor market area (LMA) composition: Means[1] and standard deviations[2]

Social, economic, and demographic characteristics	Unit	Total U.S. LMA's (N=382)	Rural LMA's			Urban LMA's		
			Total rural (N=152)	Caseload GE mean (N=62)	Caseload GE 7.0% (N=29)	Total urban (N=230)	Caseload GE mean (N=97)	Caseload GE 7.0% (N=44)
Population density, 1980	Persons per square mile	63 (281)	49 (33)	47 (31)	40 (35)	89 (358)	119 (520)	145 (737)
High school grads, 1980	Percent	68.7 (9.8)	64.3 (10.4)	62.9 (10.1)	59.9 (11.0)	71.6 (8.2)	69.9 (8.0)	68.2 (9.1)
Minority concentration, 1980[3]	Do.	15.0 (14.8)	11.6 (14.0)	18.5 (18.0)	24.6 (20.8)	17.3 (15.0)	22.5 (17.4)	26.6 (15.4)
Per capita income, 1986	Dollars	12,335 (2,244)	11,114 (1,413)	10,538 (1,424)	10,050 (1,428)	13,141 (2,329)	13,178 (2,838)	13,555 (3,108)
AFDC as a share of total income, 1986	Percent	.4 (.3)	.4 (.3)	.7 (.3)	.7 (.4)	.4 (.3)	.6 (.4)	.7 (.4)
Families with female heads, 1980	Do.	12.0 (3.0)	11.2 (3.0)	13.0 (3.3)	14.3 (3.5)	12.5 (3.0)	14.5 (2.8)	16.0 (2.5)
Poverty population, 1980	Do.	13.9 (5.2)	15.6 (5.3)	18.3 (6.5)	21.5 (7.4)	12.8 (4.7)	14.3 (6.0)	15.9 (6.0)

[1]Due to extreme skewness, median, rather than mean, values are reported for population density. Mean values for population density are 127, 54, 51, 51, 175, 271, 408. [2]Standard deviation in parentheses. [3]Blacks, Native Americans, and Hispanics.
Sources: U.S. Department of Commerce, Bureau of the Census, 1982a; U.S. Department of Commerce, Bureau of Economic Analysis, 1988; and U.S. Department of Labor, 1988.

Poor areas may challenge the implementation of the JOBS program. Areas with relatively large concentrations of minorities and families headed by women tend to be particularly disadvantaged. Lower incomes and higher incidence of poverty generally mean smaller tax bases and expenditures. Data from the 1984 County Statistics File, also aggregated to LMA's, indicate that taxes (including property taxes), general revenues, general expenditures, and educational expenditures of local governments are all positively correlated (correlation coefficients = 0.36 and above) with income. Poor areas tend to have shortages of fiscal resources, resulting in meager funding for social programs and inadequate human resources. On the other hand, the greater density of AFDC recipients in some areas may lead to greater administrative efficiencies.

The inadequate human resources in rural areas complicates social service delivery. Honadle (1983) lists several implications of the scarcity of human resources for service provision in rural areas: understaffing, incompetence, overworked personnel, and limited service provision. Rural areas tend to operate fewer welfare offices, and these offices may be staffed fewer hours per week than in urban areas, making client access more difficult (Carlin and Pryor, 1980). (See chapter III for more details.) Large poor populations compound the problem of service provision because they cannot replenish the fiscal and human resource bases of the services they use.

Table 1 shows that per capita income is lowest in those rural LMA's with an AFDC caseload of 7 percent and above, although the differences between the subsets of rural labor markets are not large. There are much greater differences in per capita income between urban and rural labor markets; the difference between the 7-percent categories of urban and rural LMA's is about $3,500. AFDC income as a percentage of total income is fairly trivial in all LMA's.

The poverty population is substantially higher in all three rural, as opposed to urban, labor market types. Rural labor markets typically have lower concentrations of poverty-prone minorities than urban labor markets do. However, urban and rural labor markets where the AFDC caseload is 7 percent or greater contain similar concentrations of minorities. Approximately 25 percent of the population in these LMA's consists of blacks, native Americans, and Hispanics. Although the percentage of families headed by women, another poverty-prone group, does increase in rural labor markets with higher AFDC

caseloads, families are more likely to have a female head in urban than in comparable rural areas. Together, these poverty and income differences suggest that urban areas, even urban areas where the AFDC caseload is 7 percent and better, may have greater fiscal resources for program implementation than high-caseload rural areas.

In short, although there are not great differences among the rural labor market types, there are some important similarities and differences between high-caseload urban and rural LMA's. High-caseload rural areas are similar to high-caseload urban areas only in terms of minority concentration. High-caseload rural LMA's are different from their urban counterparts, but similar to other rural LMA markets in population density, educational levels, income levels, and poverty. Rural labor markets with high caseloads are more thinly populated, less educated, and generally poorer than comparable urban LMA's.

These differences suggest that providing educational opportunities to JOBS program participants in rural areas may be difficult. Several interrelated factors affect cost, quality, and availability of services in rural areas. Implementing a JOBS program may be hampered by low population density, geographic isolation, and the lack of public transportation, as well as the scarcity of fiscal and human resources.

Compositional differences between urban and rural labor markets will not necessarily make the JOBS program less effective in rural areas. These social, economic, and demographic differences suggest, however, that although the JOBS program may potentially increase human capital in rural areas, it may be more difficult to administer effectively in rural than in urban areas. Specialized service delivery strategies may be required in rural areas.

Industrial Structures

The availability of local employment is perhaps the most critical element of a successful JOBS program. Regardless of the education and skills possessed by workers, the local labor market will not be able to absorb new job applicants if the demand for labor is insufficient. The capacity of the LMA to absorb JOBS participants may depend on the existing industrial mix, occupational structure, employment rate, employment growth, and the proportion of women in the labor force. To address the capacity of the local labor market to absorb JOBS participants, I compare these labor demand characteristics across the seven labor market types (table 2).

Table 2—Industrial structure of labor market areas (LMA's): Means and standard deviations[1]

Industrial structure characteristics	Total U.S. LMA's (N=382)	Rural LMA's			Urban LMA's		
		Total rural (N=152)	Caseload GE mean (N=62)	Caseload GE 7.0% (N=29)	Total urban (N=230)	Caseload GE mean (N=97)	Caseload GE 7.0% (N=44)
				Percent			
Employed in:							
Complex manufacture, 1986	5.5	5.1	4.4	3.8	5.8	5.6	5.4
	(3.5)	(3.2)	(2.5)	(2.4)	(3.7)	(3.5)	(2.9)
Routine manufacture, 1986	10.3	13.4	13.5	14.2	8.3	9.0	9.3
	(6.8)	(7.9)	(7.1)	(7.2)	(5.1)	(5.0)	(4.5)
Business services, 1986	14.6	11.6	11.8	11.6	16.6	17.3	18.3
	(4.5)	(2.2)	(2.3)	(2.0)	(4.6)	(4.8)	(5.0)
Consumer services, 1986	27.1	25.4	26.7	26.1	28.2	28.8	28.6
	(4.1)	(3.8)	(3.5)	(3.4)	(4.0)	(3.8)	(4.4)
Farming,[2] 1986	1.5	1.8	1.8	1.9	1.3	1.3	1.4
	(1.3)	(1.2)	(1.2)	(1.5)	(1.4)	(1.7)	(1.8)

See footnotes at end of table.

--Continued

Table 2—Industrial structure of labor market areas (LMA's): Means and standard deviations[1]--Continued

Industrial structure characteristics	Total U.S. LMA's (N=382)	Rural LMA's			Urban LMA's		
		Total rural (N=152)	Caseload GE mean (N=62)	Caseload GE 7.0% (N=29)	Total urban (N=230)	Caseload GE mean (N=97)	Caseload GE 7.0% (N=44)
				Percent			
Employed in: (Con't)							
Mining, 1986	1.2 (2.3)	1.4 (2.9)	1.6 (3.2)	2.0 (4.2)	1.0 (1.9)	.6 (1.3)	.3 (.5)
Welfare-accessible occupations, 1986	52.1 (6.9)	57.4 (4.3)	56.6 (4.4)	56.9 (3.9)	48.6 (6.0)	47.5 (6.2)	47.1 (6.2)
Unemployment rate, 1986	8.4 (3.1)	9.3 (3.0)	10.3 (3.2)	11.5 (3.3)	7.9 (3.0)	8.3 (3.6)	8.1 (3.4)
Employment growth, 1980-86	8.9 (9.8)	6.8 (7.5)	6.3 (7.3)	4.8 (6.9)	10.3 (10.9)	10.1 (8.9)	11.0 (7.9)
Female labor force participation rate, 1986	41.7 (2.4)	41.1 (2.4)	41.3 (2.7)	41.3 (3.2)	42.1 (2.3)	42.5 (2.3)	43.3 (1.7)

[1]Standard deviation in parentheses. [2]Farmworkers, not including proprietors or managers.

Sources: U.S. Department of Commerce, Bureau of the Census, 1982a; U.S. Department of Commerce, Bureau of Economic Analysis, 1988; and U.S. Department of Labor, 1988.

Employment for JOBS participants presumably will be largely in routine production and consumer services, where educational and skill requirements are relatively low. The types of employment available will vary from area to area, however, depending on local economic specialization and recent growth in various industries.

Industrial Mix

The industrial mix reflects the proportions of workers employed in manufacturing (complex and routine), services (business and consumer) and resource industries (farming and mining). The data show a distinct rural-urban division of labor. In general, there are slightly more jobs in complex manufacturing and consumer services, and substantially more jobs in business services in urban than in rural labor markets. Rural labor markets, on the other hand, tend to specialize in routine manufacturing and resource industries, although farming and mining constitute only a small fraction of employment.

Differences between the subsets of rural labor markets are more subtle. Rural labor markets where the caseload is 7 percent or greater have slightly fewer jobs in complex manufacturing. Differences in business services employment among the three sets of rural LMA's are negligible. Rural labor markets with above average AFDC caseloads offer slightly more consumer service jobs. There are also slightly more jobs in routine manufacturing in the 7-percent caseload labor markets. Because much of the employment available to JOBS participants will most likely be in routine manufacturing, the employment market in these areas may more readily accommodate JOBS participants.

Occupational Structure

Bloomquist, Jensen, and Teixeira (1988a) found that in 1988 there were at least three times as many potential workfare participants in nonmetro areas as there were accessible and available jobs. Moreover, occupations in which nonmetro welfare participants can reasonably expect to be employed (welfare-accessible jobs) are limited primarily to six categories: (1) health services, (2) mechanics and repairers, (3) construction and extractive occupations, (4) carpentry, (5) production inspection, testing, sampling, and weighing, and (6) transportation occupations. Many of these positions are filled predominantly by men, while most workfare participants are women. Many involve part-time work, and most are characterized by low wages. However, as the

authors of this study also relate, there are relatively more welfare-accessible occupational slots in rural than in urban areas.

My measure of welfare-accessible jobs is based upon the measure originally developed by Bloomquist and his colleagues. However, due to the use of aggregate-level data, it is a much less precise measure and overestimates the proportion of jobs for which welfare recipients may be eligible. Nonetheless, the findings in this chapter are consistent with those reported by the Bloomquist group. There are relatively more welfare-accessible jobs in rural than in urban LMA's. The percentage of welfare-accessible jobs is fairly consistent within rural and urban labor markets. Again, the greatest differences surface between urban and rural LMA's where the AFDC caseload is 7 percent or better. Almost 57 percent of the occupational positions in these rural areas, compared with 47 percent of the positions in comparable urban areas, may be accessible to JOBS participants.

Unemployment Rate and Growth

Employment for participants in welfare work programs depends upon the demand for labor. Despite recent gains in employment in rural areas, the unemployment rate was consistently higher in rural than urban areas during the 1980's. Employment gains have not been distributed equally across population groups; unemployment in rural areas is typically higher among teenagers and minorities (Whitener and Parker, 1990). Likewise, employment growth has not been distributed equally across space within rural areas. Although rural areas generally appear to be finally recovering from the recessions of the early 1980's, some rural locales remain in decline (Whitener and Parker, 1990; Killian and Hady, 1988).

Unemployment in rural labor markets where the caseload is 7 percent or better surpasses unemployment in all other labor market subsets. It is approximately 2 percentage points higher than unemployment in all rural labor markets, and slightly more than 3 percentage points higher than unemployment in comparable urban labor markets. Although these rural areas tend to specialize in the types of jobs accessible to JOBS participants, the jobs may not be available.

Employment growth in 7-percent caseload rural labor markets trails employment growth in all other labor market subsets. Although there are only slight differences between total rural and average caseload labor market subsets, employment growth is lower in the 7-percent or better subset. Overall, the difference between total and the 7-percent

or better caseload rural labor markets is about 2 percentage points. More striking differences emerge in the comparison between urban and rural 7-percent caseload subsets; employment growth in these rural labor markets is less than half the growth in the comparable urban subset. The sluggish growth of rural employment echoes the potential shortage of available jobs.

Female Labor Force

Bloomquist and his co-workers report that while the vast majority of welfare work clients are women, most of the welfare-accessible jobs are male dominated. Lichter suggests that because of the gross underemployment of rural women, education and training programs designed to improve their skills and employability may benefit only the most disadvantaged. However, where a sizable female labor force already exists, demand may be greater for female, rather than male, labor.

Comparing women's labor force participation across urban and rural labor markets yields few differences. The percentage of women in the labor force is consistent within urban and rural LMA's. Between the urban and rural 7-percent and better caseload labor markets there is only a 2-percentage-point difference. Rural areas should be as effective as urban in absorbing female JOBS participants into the labor force, and all other things being equal, women in rural areas should benefit as much as women in urban areas from the JOBS program.

High-caseload rural areas are more similar to rural areas in general than to high-caseload urban areas. The three subsets of rural labor markets are fairly comparable in the percentages employed in complex and routine manufacturing, business and consumer services, mining, farming, and welfare-accessible jobs. Compared with analogous urban labor markets, high-caseload rural labor markets contain the lowest percentage of employees in complex manufacturing and business services, but the highest in routine industry, farming, and mining. In addition, rural high-caseload labor markets have the highest unemployment and lowest employment growth rates. Rural labor markets generally support proportionately more welfare-accessible jobs than do urban areas.

At first glance, the "specialization" of rural areas and rural areas with high AFDC caseloads in resource industries, routine manufacturing, and welfare-accessible jobs appears to bode well for welfare reform. This specialization implies an abundance of employment opportunities

for minimally skilled workers. However, this impression can be somewhat misleading. Apparent employment opportunities may be offset in rural LMA's by higher unemployment and lower employment growth rates.

Moreover, one of the factors contributing to a persistent rural disadvantage is that employment in resource extraction, routine manufacturing, consumer services, and welfare-accessible jobs tends to be more unstable than other jobs. Resource industry employment is seasonal, while routine production is particularly vulnerable to economic cycles and foreign competition (Bloomquist, 1988; McGranahan, 1988). Employment in these industries is often less than full-time and full-year work. Extensive part-time and seasonal employment in a locale implies few permanent, stable, and gainful employment opportunities for JOBS clients. Thus, despite the abundance of jobs accessible to lower skilled workers, the capacity for rural LMA's to absorb JOBS participants may be constrained. And, workers employed in such jobs may or may not escape poverty.

Diversity Among Rural LMA's

Comparisons of the social, economic, and demographic differences between urban and rural areas generally suggest that the administration and implementation of the JOBS program may be more difficult in rural areas. However, these comparisons are based on average characteristics of urban and rural places. They reveal very little about how easily the JOBS program may be implemented or how the program may perform in specific LMA's. Yet, rural areas are diverse and conclusions based only on average characteristics of rural areas may not identify potential problems in specific local areas. Therefore, I compare several conditions which may influence administration and success of the JOBS program for the 15 rural LMA's with the highest AFDC caseloads (table 3).

Diversity among these LMA's is reflected along several dimensions. Population density ranges widely, from 6 to 115 persons per square mile. Minority concentration varies vastly, from 2.0 to 65.7 percent of the LMA population. Per capita income fluctuates from $7,651 to $12,917, a figure only slightly below the national level. The poverty population in high-caseload areas swings from less than 12 percent to almost 35 percent. Unemployment in some of these LMA's is not much higher than the average national unemployment rate. In other LMA's, the unemployment rate is twice as high.

Table 3—Diversity among 15 highest-caseload rural labor market areas (LMA's)[1]

LMA[2]	Population per square mile	Percent minority[3]	Per capita income	Percent poor	Unemployment rate	Economic activity[4]
	Persons	*Percent*	*Dollars*	*Percent*		*Item*
285	27	58.7	8,243	34.9	15.1	Mnf, farm, diverse
372	37	49.7	8,204	33.3	13.8	Govt, mnf, farm
326	51	55.4	9,726	28.2	7.5	Mnf
367	29	39.5	8,439	31.9	14.6	Govt, mnf, farm
311	67	46.7	9,277	23.6	8.6	Govt, mnf
380	33	44.1	8,506	27.8	16.6	Mnf, diverse
310	76	40.1	9,729	22.4	8.7	Mnf
12	6	65.7	7,651	34.2	17.2	Diverse
287	40	36.9	9,566	24.7	11.0	Mnf
375	29	35.6	9,042	27.5	18.1	Govt, farm mine, diverse
265	115	9.5	12,917	11.6	10.2	Govt
250	70	2.0	8,652	26.0	15.3	Govt, mine
219	84	3.3	10,372	15.3	12.2	Mnf, mine
366	61	2.7	8,363	28.8	12.0	Govt, mnf, mine, diverse
198	13	2.5	10,296	17.7	9.0	Govt, diverse

[1]Ranked by caseload in descending order.

[2]See figure 1 for location of LMA's.

[3]Minorities are predominantly blacks. However, in LMA 12, 59.5 percent of the population consists of Native Americans.

[4]Determined by economic activity of counties within LMA, according to the Bender and others (1985) and Hady and Ross (1990) rural county economic base typology. County types are identified as (1) farming dependent (farm), (2) specialized government (govt), (3) manufacturing (mnf), (4) mining (mine), and (5) unclassified (diverse).

Sources: U.S. Department of Commerce, Bureau of the Census, 1982a; U.S. Department of Commerce, Bureau of Economic Analysis,1988; and U.S. Department of Labor, 1988.

However, one striking similarity appears among the high-caseload labor markets. Despite the fact that proportionately fewer minorities reside in rural than urban areas, most of the high-caseload LMA's contain relatively large concentrations of poverty-prone minority group members. In two-thirds of these LMA's, the minority population exceeds 35 percent.

Fulfilling the goals of the JOBS program will be a more arduous task in some of these LMA's than in others. For example, the LMA consisting of Navajo and Apache Counties in Arizona (LMA 12) is sparsely populated. Two-thirds of the population in this labor market are minority group members and particularly prone to poverty. Per capita income in 1986 was less than $8,000. A shortage of human and fiscal resources likely exists, meaning that service delivery could be difficult. The lack of specialization of the economic base suggests a reliance on service sector jobs, which potentially can provide employment for JOBS participants. Conversely, the high unemployment rate signifies that the labor market may have difficulty absorbing JOBS participants.

In contrast, the local LMA encompassing Saginaw, Bay, Huron, Tuscola, Arenac, Clare, Gladwin, Isabella, and Midland Counties in Michigan (LMA 265) is densely populated and more affluent. Less than 10 percent of the population in this labor market are minorities. Per capita income ($12,917) is slightly higher and poverty (11.6 percent) is slightly lower than average. Administering the JOBS program should be easier in this particular LMA because of the greater availability of human and fiscal resources. Unemployment, while still relatively high, is lower than in most of the other high-caseload labor markets, and specialized government areas tend to support a variety of low-wage economic activities. The local labor market may more readily absorb JOBS participants.

Implications for Rural Areas

The effects of the JOBS program may be locationally dependent. That is, the successful implementation of the JOBS program may be related to social and economic conditions of a particular location. Despite the convergence in economic activity and social conditions in rural and urban areas in recent years, substantial differences still exist. Rural and urban areas are characterized by diverse social and economic resources and forms of economic activity. The JOBS program may consequently function differently in urban and rural areas. Diversity

among rural areas suggests that the program may also function differently in different rural areas.

Comparisons of labor market composition across rural and urban areas show lower educational levels among rural residents. Low population density and the scarcity of human and economic resources indicated by these comparisons suggest that effective administration of the JOBS program in rural areas may be difficult. However, difficult need not mean impossible. The literature on public administration in rural areas provides many alternative strategies for service delivery in geographically isolated, sparsely populated, and fiscally limited rural areas (see especially Honadle, 1983). If the obstacles in implementing and administering the JOBS program can be overcome, the education and training components of the FSA have the potential to improve the human capital in rural areas.

Analyses of industrial conditions indicate that welfare-accessible and minimum-skill jobs are more plentiful in rural than in urban areas, which suggests rural labor markets could have an even greater capacity than urban labor markets to absorb JOBS participants. This finding implies the JOBS component may be particularly effective in rural areas.

This conclusion is misleading, however, for two reasons. First, the vast majority of these jobs do not support very high wages, and often provide less than full-time, full-year work. Increased employment in low-wage resource extraction, routine manufacturing, consumer services, and welfare-accessible jobs may help some individuals, but it may not contribute much toward alleviating the economic disadvantage experienced by rural areas and residents. Low-wage jobs may not raise many people above the poverty level.

Second, high unemployment rates reflect the small number of available jobs in rural areas. There may be relatively more welfare-accessible jobs in rural areas, but the competition for these jobs among the unemployed may be intense. The apparent capacity of rural areas to absorb JOBS participants may not be real in rural areas with high unemployment.

Difficulties in administering the JOBS program in rural areas are not insurmountable. But, the ability of rural LMA's to absorb JOBS participants and improve economic well-being in rural areas may prove to be a formidable obstacle. There is yet another factor complicating the potential impact of the JOBS program on rural areas: the effects of

education on employment. The FSA implicitly assumes that education and job training will aid disadvantaged workers to obtain employment that enables them to escape the welfare rolls.

"[T]o expect schools to be societal panaceas, magic carpets out of poverty" is overly simplistic (Fitchen, 1981). Whether or not education and job training enable workers to secure better employment depends on the employment available within the LMA. Economic problems in rural areas today are related more to the quantity and quality of labor demand than the quality of labor supply. There is little evidence that education and training alone will produce job growth. Moreover, examining rural economic and educational crises, McGranahan and Ghelfi (1990) find that the relatively low educational levels in rural areas present little impediment to growth in rural employment. However, because jobs for more educated workers have shifted to urban areas as low-skill jobs have expanded in rural areas, employment growth in rural areas does not necessarily translate into better jobs.

Economic hardship in rural areas is largely a consequence of the unique characteristics of rural labor markets. Some of the characteristics of rural labor markets that are associated with economic disadvantage are addressed by the FSA. The educational and skill levels of the labor force can be improved. And without doubt, increased human resources will benefit individuals; those unable to find local employment are better prepared to relocate.

The FSA, however, may fall short of its goals unless it significantly reduces rural-urban educational discrepancies *and* enhances the competitiveness of rural workers in a global market. If it performs both tasks, it can help rural areas attract industries providing greater employment and earnings opportunities. Augmenting human capital is a necessary, but insufficient condition for reducing the economic disadvantage of rural communities; "upgrading rural human resources is unlikely to reduce employment marginality without corresponding quantitative and qualitative increases in rural employment opportunities" (Lichter and Costanzo, 1987, p. 341).

References

Beale, Calvin. "New Definitions for Metropolitan Areas," *Rural Development Perspectives*, Vol. 1, No. 1, Oct. 1984, pp. 19-20.

Bender, Lloyd, Bernal L. Green, Thomas F. Hady, John A. Kuehn, Marlys K. Nelson, Leon B. Perkinson, and Peggy J. Ross. *The Diverse Social and Economic Structure of Nonmetropolitan America.* RDRR-49. U.S. Dept. Agr., Econ. Res. Serv., Sept. 1985.

Bloomquist, Leonard. "Performance of the Rural Manufacturing Sector," *Rural Economic Development in the 1980's: Prospects for the Future.* David L. Brown, J. Norman Reid, Herman Bluestone, David A. McGranahan, and Sara M. Mazie (eds.). RDRR-69. U.S. Dept. Agr., Econ. Res. Serv., Sept. 1988.

Bloomquist, Leonard, Leif Jensen, and Ruy A. Teixeira. "Will Workfare Work?: An Assessment of the Employment Opportunities for Welfare Clients." Paper presented at the Ninth Annual Research Conference of the Association for Public Policy Analysis and Management, Bethesda, MD, Oct. 29-31, 1988a.

_____. "Too Few Jobs for Workfare to Put Many to Work," *Rural Development Perspectives*, Vol. 5, Issue 1, Oct. 1988b, pp. 8-12.

Brown, David L., and Kenneth L. Deavers. "Rural Change and the Rural Economic Policy Agenda for the 1980's," *Rural Economic Development in the 1980's: Prospects for the Future.* David L. Brown, J. Norman Reid, Herman Bluestone, David A. McGranahan, and Sara M. Mazie (eds.). RDRR-69. U.S. Dept. Agr., Econ. Res. Serv., Sept. 1988.

Burgess, Philip M. "Bootstraps and Grassroots: The Role of Private Institutions in Rural Economic Development," *Towards Rural Development Policy for the 1990's: Enhancing Income and Employment Opportunities.* S. Prt. 101-50. Proceedings of a symposium sponsored by the Congressional Research Service at the request of the Joint Economic Committee, Congress of the United States. Sept. 14, 1989.

Carlin, Thomas, and Shirley Pryor. "A Rural Perspective of Welfare Reform: Part I--Issues," *Rural Development Perspectives*, Mar. 1980, pp. 12-15.

Cochrane, Willard W. *The Development of American Agriculture: A Historical Analysis.* Minneapolis: University of Minnesota Press, 1979.

Deavers, Kenneth, Robert Hoppe, and Peggy J. Ross. "Public Policy and Rural Poverty: A View from the 1980s," *Policy Studies Journal*, Vol. 15, No. 2, Dec. 1986, pp. 291-309.

Fitchen, Janet. *Poverty in Rural America: A Case Study*. Boulder, CO: Westview Press, 1981.

Hady, Thomas F., and Peggy J. Ross. *An Update: The Diverse Social and Economic Structure of Nonmetropolitan America*. Staff Report AGES 9036. U.S. Dept. Agr., Econ. Res. Serv., May 1990.

Havens, A. Eugene. "The Changing Structure of U.S. Agriculture," *Rural Society in the U.S.: Issues for the 1980s*. Don A. Dillman and Daryl J. Hobbs (eds.). Boulder, CO: Westview Press, 1982.

Honadle, Beth. *Public Administration in Rural Areas and Small Jurisdictions: A Guide to the Literature*. New York: Garland Publishing, Inc., 1983.

Horan, Patrick M., and Molly S. Killian. "Labor Market Types and the Social Division of Labor," *The Organization of Work in Rural and Urban Labor Markets*. Patrick M. Horan and Charles M. Tolbert II (eds.). Boulder, CO: Westview Press, 1984.

Killian, Molly S., and Thomas F. Hady. "The Economic Performance of Rural Labor Markets," *Rural Economic Development in the 1980's: Prospects for the Future*. David L. Brown, J. Norman Reid, Herman Bluestone, David A. McGranahan, and Sara M. Mazie (eds.). RDRR-69. U.S. Dept. Agr., Econ. Res. Serv., Sept. 1988.

Lichter, Daniel T. "Race and Underemployment: Black Employment Hardship in the Rural South," *The Rural South in Crisis: Challenges for the Future*. Lionel J. Beaulieu (ed.). Boulder, CO: Westview Press, 1989.

Lichter, Daniel T., and Janet Costanzo. "Nonmetropolitan Underemployment and Labor-Force Composition," *Rural Sociology*, Vol. 52, No. 3, Fall 1987, pp. 329-344.

McGranahan, David A. "Rural Workers in the National Economy," *Rural Economic Development in the 1980's: Prospects for the Future*. David L. Brown, J. Norman Reid, Herman Bluestone, David A. McGranahan, and Sara M. Mazie (eds.). RDRR-69. U.S. Dept. Agr., Econ. Res. Serv., Sept. 1988.

McGranahan, David A., and Linda M. Ghelfi. "The Education Crisis and Rural Economic Stagnation in the 1980's," *Education and Rural Economic Development: Strategies for the 1990's*. Staff Report AGES 9153. U.S. Dept. Agr., Econ. Res. Serv., Sept. 1990.

Powers, Ronald C., and Edward O. Moe. "The Policy Context for Rural-Oriented Research," *Rural Society in the U.S.: Issues for the 1980s*. Don A. Dillman and Daryl J. Hobbs (eds.). Boulder, CO: Westview Press, 1982.

Reid, J. Norman, and Richard W. Long. "Rural Policy Objectives: Defining Problems and Choosing Approaches," *Rural Economic Development in the 1980's: Prospects for the Future*. David L. Brown, J. Norman Reid, Herman Bluestone, David A. McGranahan, and Sara M. Mazie (eds.). RDRR-69. U.S. Dept. Agr., Econ. Res. Serv., Sept. 1988.

Swanson, Louis E. "The Human Dimension of the Rural South in Crisis," *The Rural South in Crisis: Challenges for the Future*. Lionel J. Beaulieu (ed.). Boulder, CO: Westview Press, 1989.

Tienda, Marta. "Industrial Restructuring in Metropolitan and Nonmetropolitan Labor Markets: Implications for Equity and Efficiency," *Symposium on Rural Labor Markets Research*. Molly S. Killian, Leonard E. Bloomquist, Shelley Pendleton, and David A. McGranahan (eds.). Staff Report AGES860721. U.S. Dept. Agr., Econ. Res. Serv., Sept. 1986.

Tweeten, Luther. "Rural Labor Market Performance," *Symposium on Rural Labor Markets Research*. Molly S. Killian, Leonard E. Bloomquist, Shelley Pendleton, and David A. McGranahan (eds.). Staff Report AGES860721. U.S. Dept. Agr., Econ. Res. Serv., Sept. 1986.

U.S. Department of Commerce, Bureau of the Census. *Census of Population and Housing, 1980: Summary Tape File 3*. Machine readable data file prepared by the Data User Services Division. 1982a.

_____. *Census of Population and Housing, 1980: Summary Tape File 3 Technical Documentation*. Prepared by the Data User Services Division. 1982b.

_____. *Residents of Farms and Rural Areas: 1989*. Current Population Reports, Series P-20, No. 446, Oct. 1990.

_____, Bureau of Economic Analysis. Local Area Personal Income and Employment. Machine readable data file. 1988.

U.S. Department of Health and Human Services. Public Assistance Recipients and Cash Payments by State and County. Machine readable data file. 1982.

U.S. Department of Labor, Bureau of Labor Statistics. Local Area Unemployment Statistics. Machine readable data file. 1988.

Whitener, Leslie A., and Timothy S. Parker. "Nonmetro Employment and Unemployment: Third Quarter 1989 Current Population Survey," *The Nonmetro Employment Situation*. Unpublished. U.S. Dept. Agr., Econ. Res. Serv., Nov. 1990.

Appendix 1: Sorting Labor Market Areas

Urban and Rural Labor Markets

Labor market areas (LMA's) consist of clusters of counties. Boundaries are determined by the commuting patterns of residents between home and work. There are 382 LMA's in the United States. In the analyses, labor LMA's were identified as either urban or rural. LMA's defined as rural must meet two criteria:

- At least half of the population is rural. Rural is defined here as living in the open countryside or in places with fewer than 2,500 inhabitants outside urbanized areas. An urbanized area is a population concentration of at least 50,000 people, usually a central city and nearby densely settled areas (U.S. Department of Commerce, Bureau of the Census, 1982b).

- No county in the LMA contains a major metropolitan area. Metropolitan areas are officially designated by the Office of Management and Budget. A metro area is generally a county or group of counties containing an urban population concentration of 50,000 or more (Beale, 1984).

Less than half (152) of the LMA's in the United States are defined as rural. All other LMA's (230) are considered urban.

Caseload

In addition to the rural-urban distinction, LMA's in the analyses were also categorized into subsets based on the percentage of families in the labor market who received payments from the Aid to Families with Dependent Children (AFDC) program in 1980.[5] These further breakdowns of urban and rural labor markets reflected caseloads (1) equal to or greater than the respective average, and (2) equal to or greater than 7 percent.

The average caseload in urban and rural labor markets was 5.0 and 4.9 percent, respectively. Among rural labor markets, 62 had caseloads equal to or greater than average; 97 urban labor markets had caseloads equal to or greater than average.

The second breakdown based on caseload is a subset of the first. Seven percent was chosen as a cutpoint because it is the average plus 1 standard deviation, rounded to the whole number. There are 29 rural labor markets and 44 urban labor markets with a caseload equal to or greater than 7 percent.

The standard deviation is a frequently used measure which describes how the values of a variable, such as percentage of families receiving AFDC, vary around the mean or average value of the variable. Over two-thirds of all values of a variable generally are clustered within 1 standard deviation of the mean. Almost all the values fall within 3 standard deviations of the mean. Because most of the values lie within 1 standard deviation of the mean, it is a common practice to consider those values falling above 1 standard deviation as lying beyond the normal range of the data. In this case, these values represent those LMA's with the highest AFDC caseloads.

Apendix 2: Counties in Rural Market Areas with Moderate or High Caseload

The counties making up each labor market area (LMA) shown in figure 1 are listed in appendix table 1. LMA's are listed by number and the counties within each LMA are listed alphabetically by State.

---

[5]This was the latest year for which both counts of families (U.S. Department of Commerce, Bureau of the Census, 1982a) and counts of families receiving AFDC (U.S. Department of Health and Human Services, 1982) were available for LMA's.

Appendix table 1—Counties in rural labor market areas with moderate or high AFDC caseload

Labor market area (LMA)	County[1]			Caseload[2]
12	Apache, AZ	Navajo, AZ		High
16	Alamosa, CO	Hinsdale, CO	Saguache, CO	Moderate
	Archuleta, CO	La Plata, CO	San Juan, NM	
	Conejos, CO	Mineral, CO	Taos, NM	
	Costilla, CO	Rio Grande, CO		
30	Lake, CA	Mendocino, CA		High
38	Modoc, CA	Siskiyou, CA		High
	Shasta, CA	Tehama, CA		
75	Brown, SD	Hand, SD	Sully, SD	Moderate
	Brule, SD	Hughes, SD	Todd, SD	
	Buffalo, SD	Hyde, SD	Tripp, SD	
	Campbell, SD	Jones, SD	Walworth, SD	
	Corson, SD	Lyman, SD	Ziebach, SD	
	Dewey, SD	McPherson, SD	Emmons, ND	
	Edmunds, SD	Mellette, SD	Sioux, ND	
	Faulk, SD	Potter, SD		
	Gregory, SD	Stanley, SD		
79	Becker, MN	Clearwater, MN	Mahnomen, MN	Moderate
	Beltrami, MN	Crow Wing, MN		
	Cass, MN	Hubbard, MN		
134	Alexander, IL	Butler, MO	New Madrid, MO	High
	Pulaski, IL	Cape Girardeau, MO	Ripley, MO	
	Mississippi, MO	Carter, MO	Scott, MO	
	Bollinger, MO	Wayne, MO	Stoddard, MO	
142	Dent, MO	Perry, MO	St. Francois, MO	Moderate
	Iron, MO	Reynolds, MO	Washington, MO	
	Madison, MO	Ste. Geneviene, MO		
160	Ashland, WI	Burnett, WI	Rusk, WI	Moderate
	Barron, WI	Polk, WI	Sawyer, WI	
	Bayfield, WI	Price, WI	Washburn, WI	
161	Houston, MN	La Crosse, WI		Moderate
	Vernon, WI	Monroe, WI		
	Juneau, WI			

See footnotes at end of table.

--Continued

Appendix table 1—Counties in rural labor market areas with moderate or high AFDC caseload--Continued

Labor market area (LMA)		County[1]		Caseload[2]
162	Winona, MN Trempealeau, WI	Buffalo, WI Jackson, WI		Moderate
169	Orange, NY Sullivan, NY	Pike, PA		Moderate
182	Huntingdon, PA Juniata, PA	Mifflin, PA		Moderate
184	Bradford, PA Clinton, PA	Lycoming, PA Sullivan, PA		Moderate
194	Addison, VT Chittenden, VT	Franklin, VT Grand Isle, VT	Lamoille, VT Rutland, VT	Moderate
195	Clinton, NY Essex, NY	Franklin, NY St. Lawrence, NY		Moderate
197	Hancock, ME Penobscot, ME	Piscataquis, ME Waldo, ME		High
198	Aroostook, ME	Washington, ME		High
199	Kent, DE Sussex, DE Worcester, MD Caroline, MD	Dorchester, MD Somerset, MD Talbot, MD Wicomico, MD	Accomack, VA Northhampton, VA	Moderate
207	Bland, VA Wythe, VA Wyoming, WV	McDowell, WV Mercer, WV		High
211	Barbour, WV Doddridge, WV Harrison, WV	Lewis, WV Marion, WV Randolph, WV	Taylor, WV Upshur, WV	Moderate
212	Cameron, PA Elk, PA	McKean, PA Potter, PA	Allegany, NY Cattaraugus, NY	Moderate
219	Jackson, OH Pickaway, OH	Pike, OH Ross, OH	Scioto, OH Vinton, OH	High
220	Guernsey, OH Morgan, OH	Muskingum, OH Noble, OH	Perry, OH	Moderate
221	Gallia, OH Meigs, OH	Jackson, WV Mason, WV		Moderate

See footnotes at end of table.

--Continued

Appendix table 1—Counties in rural labor market areas with moderate or high AFDC caseload--Continued

Labor market area (LMA)	County[1]			Caseload[2]
223	Boone, WV	Gilmer, WV	Nicholas, WV	Moderate
	Braxton, WV	Kanawha, WV	Putnam, WV	
	Clay, WV	Lincoln, WV	Raleigh, WV	
	Fayette, WV	Logan, WV	Summers, WV	
			Webster, WV	
250	Breathitt, KY	Leslie, KY	Perry, KY	High
	Harlan, KY	Letcher, KY	Pike, KY	
	Floyd, KY	Magoffin, KY	Wolfe, KY	
	Johnson, KY	Martin, KY	Mingo, WV	
	Knott, KY	Morgan, KY		
	Lee, KY	Owsley, KY		
258	Fleming, KY	Adams, OH	Fayette, OH	Moderate
	Lewis, KY	Brown, OH	Highland, OH	
	Mason, KY	Clinton, OH		
265	Arenac, MI	Gladwin, MI	Midland, MI	High
	Bay, MI	Huron, MI	Saginaw, MI	
	Clare, MI	Isabella, MI	Tuscola, MI	
267	Hillsdale, MI	Lenawee, MI		High
	Jackson, MI			
268	Alcona MI	Montmorency, MI	Presque Isle, MI	High
	Alpena, MI	Ogemaw, MI	Roscommon, MI	
	Crawford, MI	Oscoda, MI		
	Iosco, MI	Otsego, MI		
269	Antrim, MI	Cheboygan, MI	Kalaska, MI	Moderate
	Benzie, MI	Emmet, MI	Leelanau, MI	
	Charlevoix, MI	Grand Traverse, MI		
270	Lake, MI	Mecosta, MI	Wexford, MI	High
	Manistee, MI	Missaukee, MI		
	Mason, MI	Osceola, MI		
272	Adams, WI	Portage, WI	Wood, WI	Moderate
279	Alger, MI	Houghton, MI	Marquette, MI	High
	Baraga, MI	Iron, MI	Ontonagon, MI	
	Chippewa, MI	Keweenaw, MI	Schoolcraft, MI	
	Delta, MI	Luce, MI		
	Gogebic, MI	Mackinac, MI		

See footnotes at end of table.

--Continued

Appendix table 1—Counties in rural labor market areas with moderate or high AFDC caseload--Continued

Labor market area (LMA)		County[1]		Caseload[2]
280	Dickinson, MI Menominee, MI Marinette, WI	Florence, WI Forest WI Iron, WI	Oneida, WI Vilas, WI	Moderate
285	Choctaw, AL Dallas, AL	Greene, AL Marengo, AL	Perry, AL Sumter, AL	High
287	Lamar, AL Pickens, AL	Lowndes, MS Noxubee, MS		High
288	Barbour, AL Coffee, AL Dale, AL Geneva, AL Henry, AL Houston, AL	Calhoun, GA Clay, GA Decatur, GA Early, GA Grady, GA Miller, GA	Quitman, GA Randolph, GA Seminole, GA Thomas, GA	Moderate
295	Clay, AL Coosa, AL	Talladega, AL Tallapoosa, AL		High
296	Chambers, AL Randolph, AL Haralson, GA	Carroll, GA Coweta, GA	Heard, GA Troup, GA	Moderate
302	Appling, GA Emanuel, GA Jeff Davis, GA Johnson, GA	Laurens, GA Montgomery, GA Telfair, GA Toombs, GA	Treutlen, GA Washington, GA Wheeler, GA	High
310	Chesterfield, SC Darlington, SC Dillon, SC	Florence, SC Horry, SC Georgetown, SC	Marion, SC Marlboro, SC Williamsburg, SC	High
311	Clarendon, SC Kershaw, SC	Lee, SC Sumter, SC		High
313	Columbia, FL Hamilton, FL	Lafayette, FL Madison, FL	Suwannee, FL Taylor, FL	Moderate
316	Atkinson, GA Bacon, GA Brantley, GA	Clinch, GA Coffee, GA Glynn, GA	McIntosh, GA Pierce, GA Ware, GA	Moderate

See footnotes at end of table.

--Continued

Appendix table 1—Counties in rural labor market areas with moderate or high AFDC caseload--Continued

Labor market area (LMA)	County[1]			Caseload[2]
317	Ben Hill, GA	Cook, GA	Lanier, GA	Moderate
	Berrien, GA	Echols, GA	Lowndes, GA	
	Brooks, GA	Irwin, GA	Tift, GA	
326	Bertie, NC	Hertford, NC		High
	Halifax, NC	Northampton, NC		
340	Beaufort, NC	Hyde, NC	Tyrrell, NC	Moderate
	Dare, NC	Martin, NC	Washington, NC	
342	Duplin, NC	Lenoir, NC	Sampson, NC	High
	Greene, NC	Pitt, NC	Wayne, NC	
343	Edgecombe, NC	Nash, NC	Wilson, NC	High
344	New Hanover, NC	Brunswick, NC	Columbus, NC	Moderate
	Bladen, NC	Pender, NC		
366	Clay, KY	Madison, KY	Whitley, KY	High
	Estill, KY	McCreary, KY	Scott, TN	
	Jackson, KY	Rockcastle, KY		
	Knox, KY	Pulaski, KY		
	Laurel, KY	Wayne, KY		
367	Arkansas, AR	Monroe, AR	St. Francis, AR	High
	Cross, AR	Phillips, AR	Woodruff, AR	
	Lee, AR	Prairie, AR		
370	Chickasaw, MS	Lee, MS	Prentiss, MS	Moderate
	Choctaw, MS	Monroe, MS	Webster, MS	
	Clay, MS	Oktibbeha, MS	Winston, MS	
	Itawamba, MS	Pontotoc, MS		
372	Calhoun, MS	Lafayette, MS	Quitman, MS	High
	Carroll, MS	Leflore, MS	Tallahatchie, MS	
	Coahoma, MS	Montgomery, MS	Tunica, MS	
	Grenada, MS	Panola, MS	Yalobusha, MS	
374	Avoyelles, LA	Natchitoches, LA	Red River, LA	Moderate
	Grant, LA	Rapides, LA	Winn, LA	
375	Caldwell, LA	La Salle, LA	Adams, MS	High
	Catahoula, LA	Tensas, LA		
	Concordia, LA			

See footnotes at end of table.

--Continued

Appendix table 1—Counties in rural labor market areas with moderate or high AFDC caseload--Continued

Labor market area (LMA)	County[1]			Caseload[2]
379	Covington, MS	Jones, MS	Perry, MS	Moderate
	Forrest, MS	Lamar, MS	Simpson, MS	
	Jasper, MS	Lawrence, MS	Smith, MS	
	Jefferson Davis, MS	Marion, MS	Walthall, MS	
380	Amite, MS	Franklin, MS	Pike, MS	High
	Copiah, MS	Lincoln, MS	Wilkinson, MS	
382	Clarke, MS	Neshoba, MS		High
	Kemper, MS	Newton, MS		
	Lauderdale, MS			

[1]Louisiana has parishes rather than counties. Parishes are equivalent to counties.
[2]Moderate-caseload counties have AFDC caseload of at least 4.9 percent, but less than 7 percent. High-caseload counties have AFDC caseload of at least 7 percent.

Chapter VII

Summary: Potential for Success in Rural Areas

Robert A. Hoppe and Kenneth L. Deavers

The success of the Family Support Act (FSA) depends largely on how State and local officials implement the act. Rural areas, which tend to have relatively fewer services and services that are more geographically dispersed, will face greater challenges. Success of the act also depends on whether graduates from the Job Opportunities and Basic Skills Training program can be absorbed by the labor market, either locally or elsewhere. This chapter summarizes how the provisions of the FSA and local conditions will affect the act's functioning in rural areas.

The other chapters examined different aspects of the Family Support Act (FSA) and rural conditions to anticipate how the act will function in rural areas. They covered a variety of topics, including the provisions of the act itself, the characteristics of rural families and economies, and the availability of rural social services. Using this information, we will now discuss how successful the FSA will be in rural America.

The FSA is targeted largely at the poor in female-headed families.[1] Thus, the act should be judged solely in terms of what it sets out to do: help families, particularly female-headed families, avoid dependence on the Aid to Families with Dependent Children (AFDC) program and the welfare system. Other poverty problems must be dealt with separately. For example, the act alone cannot be expected to reduce rural poverty substantially, because only 30 percent of the rural poor live in female-headed families (U.S. Department of Commerce, 1991b, p. 56).[2]

---

[1]The act does extend Aid to Families with Dependent Children to two-parent families where the main breadwinner is unemployed. As pointed out in chapter IV, however, this provision has a relatively minor effect.

[2]Names in parentheses refer to sources listed in the references at the end of the chapter.

Also, the FSA will not equally affect all poor, female-headed families in either rural or urban areas. For example, regulations require that at least 20 percent of the nonexempt AFDC caseload participate in the Job Opportunities and Basic Skills Training (JOBS) program by 1995. Many States will ultimately enroll a larger percentage, but the program will never reach all AFDC families, and only 59 percent of the Nation's poor female-headed families receive AFDC (U.S. Department of Commerce 1991a, p. 71). Any serious attack on poverty in general or rural poverty in particular must include measures to reach more of the poor. Some of these measures are outlined in the next chapter.

In this chapter, we summarize how the provisions of the FSA and local conditions will interact to affect the act's functioning in rural areas. We focus on child-support enforcement, the extension of AFDC-Unemployed Parent (AFDC-UP) to all States, the JOBS program, the provision of services, and State involvement in implementing the act. Although the act has some unique features that should benefit rural AFDC recipients, other aspects of the act present problems, given the characteristics of rural areas. These rural characteristics are highlighted. Our main conclusion is that the success of the act in rural areas will vary substantially from place to place.

For the readers' convenience, the main provisions of the act are summarized in table 1. Most of these provisions have already taken effect. Note that most of the provisions focus on AFDC families or potential AFDC families.

Child-Support Enforcement

The effects of the FSA's child-support provisions in rural areas are difficult to anticipate. A recent evaluation of the Wisconsin Child Support Assurance System found that automatic withholding of child-support payments from absent parents increased child-support payments between 11 and 30 percent (Garfinkel and Klawitter, 1990). We do not know if the FSA will result in a similar increase in rural areas. Low incomes and high unemployment in many rural areas may reduce the ability of parents to pay child support. On the other hand, as pointed out in chapter III, nonmetro poor female-headed families with children already are more likely to receive parental child support than are their metro counterparts. If the FSA's child-support provisions are successful, the share of female-headed families receiving child support may increase to even higher levels in nonmetro areas relative to metro areas.

Table 1—Major provisions of the Family Support Act of 1988

Provision	Description	Targeted populations	Effective date
Child-support enforcement:			
Automatic wage withholding	Child-support payments will be withheld automatically for new or modified orders enforced by the State child-support agency.	Absent parents. Applies to virtually all AFDC families, plus non-AFDC families that request help from the agency. Reduces need for AFDC.	November 1, 1990.
	Automatic withholding begins for all new orders, regardless of whether a parent sought help from the child-support agency.	Absent parents. Applies to families regardless of AFDC receipt or involvement of the agency. Reduces need for AFDC.	Support order initially issued on or after January 1, 1994.
Paternity establishment	States must meet Federal standards in determining paternity of children born out of wedlock.	Fathers of children born out of wedlock. Reduces need for AFDC.	Fiscal year 1992.
Job Opportunities and Basic Skills Training Program (JOBS)	States must provide a variety of mandatory services, including: • basic educational activities, • job-skills training, • job placement, and • child care and transportation. States must also provide two of four optional services.	Selected adult AFDC recipients. Exemptions are numerous. At least 20 percent of nonexempt caseload must participate by 1995.	States required to implement a JOBS program by October 1, 1990. JOBS must be statewide by October 1, 1992.

--Continued

Table 1—Major provisions of the Family Support Act of 1988--Continued

Provision	Description	Targeted populations	Effective date
Transitional child care and Medicaid	When families are no longer eligible for AFDC, FSA guarantees child care for up to 12 months, if the care is necessary for the parent to work. Similarly, medical care provided through Medicaid may be continued for up to 12 months.	Families that lost AFDC eligibility because the parent earned more at work than allowed under the program's rules. (Applies to any AFDC family, not just those participating in JOBS.)	April 1, 1990.
AFDC-Unemployed Parent (AFDC-UP) Program	All States must establish an AFDC-UP program to provide AFDC to two-parent families in which the main worker is unemployed. (Prior to FSA, 23 States did not have AFDC-UP programs.)	Two-parent families, if the main breadwinner is unemployed.	October 1, 1990.

Source: Compiled from Rovner (1988), Solomon (1988), and U.S. House of Representatives (1991).

The child-support provisions are more broadly targeted than other parts of the act. Families need not be on AFDC to seek help from the Government in collecting child support. And, all child-support orders initially issued after 1993 are subject to mandatory wage withholding, regardless of whether the families receive AFDC or ask for help from the State child-support enforcement agency. The effects of these provisions extend beyond AFDC families in both rural and urban areas. If successful, these provisions could ultimately reduce the need for AFDC.

Child-support enforcement procedures needed strengthening prior to the FSA, even in rural areas. In 1985, only 45.3 percent of the nonmetro families who were supposed to receive child support actually received the full amount (U.S. Department of Commerce, 1989, p. 40). About 26.9 percent received partial payment, and the remaining 27.9 percent received nothing at all.

Extension of AFDC-Unemployed Parent

The FSA extends AFDC-UP to all States. Most States establishing new programs have opted to provide AFDC-UP for a full year to participating families, although the act allows States to provide AFDC-UP for a minimum of 6 months out of 12 (Clinton and Castle, 1991, p. 15). People interested in rural poverty have long argued for the extension of AFDC-UP to all States, largely on the grounds of equity. It seems unfair to exclude some people from a program simply on the basis of State of residence. And, the States without the program had a large nonmetro poor population (Getz and Hoppe, 1983, p. 36). Requiring AFDC-UP for all States may be debated again, for this provision of the act expires in 1998 (Reischauer, 1989, p. 24).

Chapter IV indicated that extension of AFDC-UP does not have a substantial effect on welfare rolls in either metro or nonmetro areas. The percentage increases in eligibility and participation will be modest but slightly larger in nonmetro than in metro areas. As pointed out in chapter IV, establishing more uniform eligibility criteria would be a more important change than the extension of AFDC-UP.

The FSA, however, does make a program available to all people who may need it, regardless of residence. Having another program available to help the unemployed could be useful in rural areas

experiencing a large plant closing or persistent unemployment problems.

Transitional Child Care and Medicaid

Families lose eligibility for AFDC when they earn more than allowed under program rules. Under the FSA, however, States must provide subsidized child care for up to 12 months to families leaving AFDC, if the care is necessary for the parent to work. Similarly, Medicaid must be continued for up to 12 months. These provisions apply to any AFDC family leaving the AFDC rolls, not just those who participated in the JOBS program.

The transitional services should be helpful to low-income families trying to leave AFDC. These services may be particularly helpful in rural areas, given the rural poor's higher propensity to work (Hoppe, 1989). However, transitional child-care and Medicaid benefits stop after a year, while a longer term solution to child care and medical insurance seems necessary.

The JOBS Program

The FSA requires each county to have a JOBS program if feasible, given the number of prospective participants and local economic conditions. For example, some rural counties may not have a JOBS program because there are not enough AFDC recipients to warrant it. Nevertheless, the JOBS program attempts to reach more rural areas than earlier employment programs. This is perhaps the most favorable characteristic of the JOBS program for rural areas. However, because States are not required to provide the same program activities in all counties, JOBS may not offer a full range of activities in areas with a low population density and high delivery costs.

Basic education, such as high school or equivalent education, provided by the JOBS program is general enough to help ambitious participants qualify for a variety of positions. In the long run, this sort of education is probably more valuable than training for a particular job.

Employment must be available, however, if the basic education provided by the JOBS program is to be helpful. Greater emphasis on job creation would have been helpful to rural areas, where employment growth has lagged through the last decade. At a minimum, many rural areas need coordination of efforts to improve the human capital of the rural poor *and* efforts to increase the availability of employment. Training people for jobs that do not exist locally will not do much to end rural welfare dependency. As pointed out in chapter VI, the economic vitality of local economies is particularly important to the success of the act.

A recent survey of State JOBS program administrators conducted by the General Accounting Office (GAO) underscores the importance of the economy in rural areas. Thirty-four of the program administrators stated it was difficult to operate the program in rural areas because of a lack of employment for which participants could be trained (U.S. General Accounting Office, 1991, p. 46). Employment problems also appeared to be more severe in rural areas. Forty-three program administrators cited employment shortages as a problem in rural areas. In contrast, only 32 program administrators said employment shortages were a problem in urban areas.

Some may argue that employment for JOBS program participants need not be local. The training and education provided by the JOBS program could help program participants from depressed rural areas find work in areas with a stronger economy. Finding work elsewhere means moving, however, and moving would require poor families with few resources to leave their informal support network and adjust to an unfamiliar area. (See chapter III for a description of informal networks and their role in solving personal and family problems.) The adjustment is even more difficult if the move involves going from a rural area to a large city. Relocating may be a viable alternative for only the most adaptive JOBS program participants.

Provision of Services

The success of JOBS will also depend on the ability of localities to provide services. Some families face problems other than lack of employability that can be addressed by the JOBS program's educational and training activities. In addition to these activities, a family participating in JOBS may also require specialized social services, such as those related to physical or mental health, developmental disabilities, and substance abuse.

There are some potential problems associated with providing educational, training, and specialized social services in rural areas, however. Training and educational facilities are more limited, public transportation is virtually nonexistent, and formal child-care facilities are less common in rural areas. Rural areas also lack specialized social services, especially nongovernmental services, and depend more on organizations whose primary purposes are other than delivering social services. The lower population density in rural areas makes transportation more critical and raises the unit cost of providing services. According to the GAO survey:

> ...Forty states cited rural areas as the most difficult in which to operate JOBS, and almost all reported service shortages as reasons. Thirty-nine of these states reported an insufficient supply of transportation as a reason it will be difficult to operate JOBS in rural areas. Other service-related reasons given include inadequate supplies of training or education services (33 states) and child care (29 states) (U.S. General Accounting Office, 1991, p. 44).

Specialization and cooperation among individual rural communities could help make up for the shortage of services. For example, one rural community could specialize in providing child care while a nearby community specializes in providing adult education. Coordination among communities is not specifically addressed in the act, but could be considered in sparsely populated rural areas.

The act itself also provides ways to compensate for the shortage of services in rural areas, however. For example, the Federal Government provides matching funds to pay for transportation and child care mandated by the act. This could actually increase the availability of daycare and transportation in rural areas. And, the

JOBS program will probably encourage rural welfare agencies to cooperate with other social service agencies more than in the past.

Chapter III pointed out that the shortage of social services can be alleviated by formal or informal coordination among agencies. The act encourages coordination, by requiring State welfare agencies to coordinate the JOBS program with programs in other agencies and by allowing welfare offices to assign a case manager to help families receive services necessary to participate in the JOBS program.

Adapting the case management system may be particularly useful in rural areas, if it encourages the coordination that may exist there already. All but three States have adopted the case management approach (Perales, 1991, p. 25). One should not expect case management to work miracles, however. Welfare administrators

> ...emphasize what a significant change this system would be from the current system in most states, where specialists handle each aspect of a client's case. The administrators expressed a fear that current personnel is not equipped to handle such new responsibilities...[T]here is some positive evidence on the impact of case management. Generally it seemed to be a promising but yet unproven avenue (Ellwood, 1989, pp. 276-277).

It is easy to overstate the ability of rural areas and rural agencies to compensate through creative cooperation and coordination. No amount of case management or coordination can create services in areas where they simply do not exist. Rural areas tend to have relatively fewer services and services that are more geographically dispersed. They will face greater challenges in implementing the act.

State Involvement

The States are very much involved in the reforms brought about by the FSA, as pointed out in chapters II and V. For example, States are responsible for establishing the new AFDC-UP programs and setting up the JOBS program. Although much of the funding for the reforms comes from the Federal Government, it comes as a match to funds raised by the States.

There are advantages to State involvement in the FSA. Programs can be tailored to local needs, resources, and economic conditions, which could be useful in adapting the FSA to different types of rural areas. States can experiment with different ways to administer and deliver welfare programs.[3] How much experimentation to allow was a major issue during the welfare reform debates of 1986-87 (Reischauer, 1989, p. 31). As a result, provisions dealing with State experimentation were dropped from the FSA. However, the act gives enough leeway within broad guidelines for individual States to try different approaches to solving a given problem, such as providing child care in rural areas. Such experiments would be most useful if there were a systematic effort to evaluate them and determine the "best practice" for solving a given problem.

There is also a serious drawback to State involvement. States have to raise money to receive Federal matching funds. But, States, as well as the Federal Government, can experience fiscal stress and competing uses for funds. This has direct implications for FSA funding:

> ...With at least 30 states taking budget action to avoid deficits in fiscal 1991 and all states facing increasing fiscal pressure from spiraling health care costs, finding the money to pay for welfare reform programs won't be easy. Because state discretionary funds are diminished, 24 of the 33 states that implemented JOBS prior to October 1990 were unable to claim their full federal allocation because they could not provide state matching funds...(Clinton and Castle, 1991, p. 16).

The matching problem appears to be particularly severe in Southern States (Southern Legislative Research Council, 1990, pp. 6-11), where most of the nonmetro poor in female-headed families live. Reducing the matching rate might help.

One might normally expect more prosperous States to be better able to adapt FSA to rural areas. However, even relatively prosperous States have lately been under financial stress. For example, Connecticut, Hawaii, Massachusetts, Michigan, and Minnesota planned to spend less

---

[3]Some States have shown creativity in devising welfare programs in recent years. California and Massachusetts instituted work-related programs, Wisconsin devised a major child-support program, and New Jersey and Washington developed comprehensive alternatives to existing welfare programs (Reischauer, 1989, p. 33).

in 1992 than in 1991. Massachusetts and Michigan will reduce general-fund outlays for the second year in a row. State cutbacks in spending appear to be concentrated in the areas of welfare, aid to local governments, compensation to State employees, and subsidies to higher education (Hass, 1992, p. 18).

Summary and Implications

The act has some features favorable to rural areas. It extends AFDC-UP to all States, which is helpful for at least some of the rural poor. It also provides funding to encourage the provision of transportation and child care. This funding could help establish more of these services in rural areas. Its emphasis on education and training should also help some rural AFDC parents with low human capital escape poverty and welfare dependency. And, the work orientation of the act should fit the work ethic of rural people, both the poor and the nonpoor.

The JOBS program attempts to reach more rural areas than earlier employment programs. However, because States are not required to provide the same program activities in all counties, the JOBS program may not offer a full range of activities in areas with a low population density.

Some of the most serious hindrances to the success of the act are related to the characteristics of rural areas themselves: the shortage of services and lack of jobs. A related problem is the southern concentration of the nonmetro poor in female-headed families. Southern States, in particular, may have problems meeting Federal matching requirements necessary to fund the services required by the act.

Although the act will help some of the AFDC poor in rural areas to escape from the welfare rolls, it is not a cure for poverty or welfare. The ultimate success of the act largely depends on how successful States and local officials are at implementing it. Areas and localities differ greatly in their ability to take advantage of the FSA. Rural areas, which tend to have relatively fewer services and services that are more geographically dispersed, will face greater challenges. Another serious hindrance to the success of the act is the lack of jobs in many rural areas. The act is "locationally dependent," as pointed out in chapter VI. Exactly how effective the act will be in different types of rural areas will not be known for years.

Perhaps the simplest way to find out how the act is faring in rural areas, as compared with urban areas, is to conduct periodic surveys of State officials. The surveys could adapt the survey questionnaire and procedures developed by the GAO (GAO, 1991). A research organization, university department, or a Federal agency could conduct the survey. The Manpower Demonstration Research Corporation (MDRC) is another potential source of information about the functioning of the JOBS program in rural areas. As pointed out in chapter V, MDRC will test the impact of different approaches to the JOBS program and will include at least one rural site.

Substantial changes in the welfare system seem unlikely until lawmakers see how the provisions of the FSA work. However, the issues of welfare reform and poverty will eventually be revisited. If the short supply of social services in rural areas proves to be as much a problem as suggested in this volume, policymakers may want to consider antipoverty measures that are less dependent on the local social service system than the FSA.

Some antipoverty measures discussed in the next chapter can be implemented independently of the social services that exist in rural areas. For example, income can be provided through the tax system independent of a rural welfare office struggling to serve a dispersed population. Shifting more to a nonwelfare approach might free local social service workers from some of the clerical duties connected to welfare programs and allow them to concentrate more on helping their clients overcome problems.

A Final Note

Some analysts argue that there is an urban bias in welfare programs that results in the rural poor benefiting less from government programs than they should.[4] Evidence cited for the existence of an urban bias in welfare programs is often based on fairly gross measures, such as proportionately fewer welfare funds going to the rural poor (Institute for Research on Poverty, 1980, p. 7). An urban bias may occur because welfare program rules are formulated without much concern for the rural poor or rural areas. For example, some might argue that

[4]For a history of early research on urban bias, see Bryant and others (1981).

the FSA was designed for the urban poor, particularly the urban underclass, and cannot fit the rural poor or rural areas.

Not all the evidence points toward an urban bias, however. For example, chapter IV (appendix 2) points out that receipt of AFDC does not seem to be disproportionately urban when the analysis is restricted to those poor who are eligible.

An urban bias is also difficult to explain, given our representative form of government.[5] One would expect members of Congress with rural constituents to press for changes in welfare programs to help alleviate rural poverty. Perhaps the strong work ethic in many rural areas dampens interest in any welfare reform that would aid the able-bodied poor capable of working. Some have argued that elected officials from rural areas, particularly from rural areas in the South, have not stressed welfare reform for the rural poor because the poor provided rural businesses with a source of cheap labor.

The usefulness of a large, cheap, undereducated workforce has declined over the years, however. Economic prosperity now comes from high-value-added jobs, technology, innovative management, and a skilled workforce combining to produce large amounts of quality output (Block, 1987, pp. 131-133). Particular firms or industries might benefit from a cheap labor supply, but the Nation can no longer become richer by producing low-value products in sweatshops. The argument that a desire for cheap labor leads to an urban bias will become less tenable in the future.

Does the FSA have an urban bias? The act was drawn up with the urban underclass in mind. It also focuses on a group, female-headed families, that is more prevalent in metro areas. Yet, the poor population in this family type is large and growing in nonmetro areas, too. In addition, the act does have provisions, those involving transportation, for example, that could benefit rural areas. Judgment about an urban bias should be reserved until we see how the act works in rural areas and how the States and rural areas adapt the act to fit local conditions.

---

[5]The discussion of how an urban bias could occur under a representative government draws from Seninger and Smeeding (1981, p. 424).

References

Block, Fred. "Rethinking the Political Economy of the Welfare State," *The Mean Season: The Attack on the Welfare State*. Fred Block, Richard A. Cloward, Barbara Ehrenreich, and Frances Fox Piven (eds.). New York: Pantheon Books, 1987.

Bryant, W. Keith, D.L. Bawden, and W.E. Saupe. "The Economics of Rural Poverty--A Review of the Post-World War II United States and Canadian Literature," *A Survey of Agricultural Economics Literature*, Vol. 3. Lee R. Martin (ed.). Minneapolis, MN: Univ. of Minnesota Press for the American Agricultural Economics Association, 1981.

Clinton, Governor Bill, and Governor Michael Castle. "The States and Welfare Reform," *Intergovernmental Perspective*, Vol. 17, No. 2, Spring 1991, pp. 15-17.

Ellwood, David T. "Conclusion," *Welfare Policy for the 1990s*. Phoebe H. Cottingham and David T. Ellwood (eds.). Cambridge, MA: Harvard University Press, 1989.

Garfinkel, Irwin, and Marieka M. Klawitter. "The Effect of Routine Income Withholding on Child Support Collections," *Journal of Policy Analysis and Management*, Vol. 9, No. 2, Spring 1990, pp. 154-177.

Getz, Virginia K., and Robert A. Hoppe. "The Changing Characteristics of the Nonmetro Poor," *Social Development Issues*, Vol. 7, No. 1, Spring 1983, pp. 29-44.

Hass, Lawrence J. "Just Saying No," *National Journal*, Vol. 24, No. 1, Jan. 4, 1992, pp. 18-21.

Hoppe, Robert A. "Poverty in Rural America: The Statistical Evidence," *Outreach to the Rural Disadvantaged: Issues and Strategies for the 21st Century*. Ntam Baharanyi, Robert Zabawa, and Walter Hill (eds.). Proceedings of the 47th Annual Professional Agricultural Workers Conference, Tuskegee University, AL, Dec. 3-5, 1989.

Institute for Research on Poverty, University of Wisconsin-Madison. "On Not Reaching the Rural Poor: Urban Bias in Poverty Policy," *Focus*, Vol. 4, No. 2, Summer 1980, pp. 5-8.

Perales, Cesar A. "Implementing JOBS Deserves a Chance," *Intergovernmental Perspective*, Vol. 17, No. 2, Spring 1991, pp. 24-26, 30.

Reischauer, Robert D. "The Welfare Reform Legislation: Directions for the Future," *Welfare Policy for the 1990s*. Phoebe H. Cottingham and David T. Ellwood (eds.). Cambridge, MA: Harvard University Press, 1989.

Rovner, Julie. "Congress Approves Overhaul of Welfare System," *Congressional Quarterly Weekly Report*, Vol. 46, No. 41, Oct. 8, 1988, pp. 2825-2831.

Seninger, Stephen F., and Timothy M. Smeeding. "Poverty: A Human Resource-Income Maintenance Perspective," *Nonmetro America in Transition*. Amos H. Hawley and Sara Mills Mazie (eds.). Chapel Hill, NC: University of North Carolina Press, 1981.

Solomon, Carmen D. *The Family Support Act of 1988: How It Changes the Aid to Families with Dependent Children (AFDC) and Child Support Enforcement Programs*. 88-702 EPW. Library of Congress, Congressional Research Service, Nov. 7, 1988.

Southern Legislative Research Council. "Financial Commitment, Legislative Involvement Lacking in South," *Legislative Bulletin*, No. 7, Summer 1990, pp. 6-11.

U.S. Department of Commerce, Bureau of the Census. *Child Support and Alimony: 1985*. Current Population Reports, Series P-23, No. 154, Mar. 1989.

_____. *Measuring the Effect of Benefits and Taxes on Income and Poverty: 1989*. Current Population Reports, Series P-60, No. 169-RD, Aug. 1991a.

_____. *Poverty in the United States: 1990*. Current Population Reports, Series P-60, No. 175, Aug. 1991b.

U.S. General Accounting Office. *Welfare to Work: States Begin JOBS, But Fiscal and Other Problems May Impact Their Progress*. HRD-91-106, Sept. 1991.

U.S. House of Representatives, Committee on Ways and Means. *Background Material and Data on Programs within the Jurisdiction of the Committee on Ways and Means*. WMCP: 102-9. Prepared for the use of the Committee on Ways and Means by its staff. May 7, 1991.

Chapter VIII

Beyond the Family Support Act

Robert A. Hoppe and Kenneth L. Deavers

Substantial changes in the welfare system seem unlikely for the next few years. Lawmakers will want to see how the provisions of the Family Support Act work before making major changes. However, the issues of welfare reform and poverty will eventually be revisited. People concerned about rural poverty can begin discussing a range of possible policy changes to help more of the rural poor. In this chapter, we considered changes in programs and laws to help the aged and disabled poor, the able-bodied poor with children, and the able-bodied poor without children.

The Family Support Act (FSA) is major welfare reform legislation targeted largely at the poor in female-headed families. The poor population in this family type is large and growing in nonmetro areas, as pointed out in chapter I. About 30 percent of the rural poor now live in female-headed families. This means, however, that 70 percent of the nonmetro poor do not live in female-headed families. More poor people must be reached if rural poverty is to be reduced.[1]

Substantial change in the welfare system is unlikely for the next few years. Lawmakers will want to see how the provisions of the FSA work before making major changes. However, the issues of welfare reform and poverty will eventually be revisited. People concerned about rural poverty can begin discussing possible policy changes to help more of the rural poor.

---

[1]"Rural" is defined to be the same as "nonmetro" in this chapter. Nonmetro people live in areas outside the official metropolitan areas designated by the Office of Management and Budget. A metro area is generally a county or group of counties containing an urban population concentration of 50,000 or more (Beale, 1984). Names in parentheses refer to sources listed in the references at the end of the chapter.

The rural poor are diverse and remedies appropriate for one group of rural poor may be inappropriate for another. Dividing them into groups, therefore, can be useful in devising ways to help the rural poor. In this chapter, we present measures that could be used to help three groups of rural poor. We present a series of measures that could be enacted independently to help individual groups of rural poor rather than a single, unified program to simultaneously aid all the poor. Implementing a few selected measures is more realistic than a new unified program because of cost constraints (Deavers and Hoppe, 1991, p. 96).

The chapter begins by introducing the three groups of rural poor. Next, measures that would help each group are presented. Which measures to select is largely a political decision. The selection depends on budget restrictions, the groups the Nation decides to help, values regarding work and family responsibilities, and interest in poverty, especially rural poverty. Another important consideration is the approach to use in aiding the poor. For example, the Nation could try to fix welfare, or it could rely on nonwelfare approaches, such as providing tax breaks to the poor who work. The conclusion discusses three basic approaches to helping the poor.

The Groups

The groups of rural poor examined in this chapter are:

- The aged and disabled poor,
- Able-bodied poor with children, and
- Able-bodied poor without children.

Table 1 gives estimates of the number of rural family heads and unrelated individuals in each group. Choice of a classification of the poor is somewhat arbitrary, and other classifications could have been devised. (See Deavers and Hoppe (1991) for an example of another classification.) In this chapter, however, we decided to focus on the ability to work and the presence of children. The poor's ability to work is always an important consideration during public discussions of how the poor should be aided. The aged and disabled poor, who are not expected to work, have always been treated differently than the able-bodied poor. And, poverty among children has longrun implications.

Table 1—Nonmetro poor family heads and unrelated individuals by ability to work, 1989

Family type	Total	Family head or unrelated individual is: Disabled[1]	Aged[2]	Able-bodied[3]
		Thousands		
Total family heads and unrelated individuals	3,708	515	1,029	2,164
Heads of families with children	1,398	191	38	1,169
Married-couple families	627	103	14	510
Male-headed families, no spouse	47	8	0	40
Female-headed families, no spouse	724	80	24	620
Heads of families without children	544	101	233	209
Unrelated individuals	1,766	223	758	786
Male	597	94	138	365
Female	1,169	128	620	421

See footnotes at end of table.

--Continued

Table 1—Nonmetro poor family heads and unrelated individuals by ability to work, 1989--Continued

Family type	Total	Family head or unrelated individual is: Disabled[1]	Aged[2]	Able-bodied[3]
		Percent		
Distribution by ability to work:				
Total family heads and unrelated individuals	100.0	13.9	27.8	58.4
Heads of families with children	100.0	13.7	2.7	83.6
Married-couple families	100.0	16.4	2.2	81.3
Male-headed families, no spouse	100.0	17.0	0.0	85.1
Female-headed families, no spouse	100.0	11.0	3.3	85.6
Heads of families without children	100.0	18.6	42.8	38.4
Unrelated individuals	100.0	12.6	42.9	44.5
Male	100.0	15.7	23.1	61.1
Female	100.0	10.9	53.0	36.0

Note: Detail may not add to totals due to rounding.

[1]Based on the Census Bureau's definition of "severely work disabled." See appendix 2 for more information. As defined here, the disabled are between 16 and 64 years old.

[2]Sixty-five years old or older. The aged and disabled are mutually exclusive.

[3]Neither aged nor disabled.

Source: U.S. Department of Commerce, Current Population Survey, 1990.

As discussed in chapter I, the Nation still tends to divide the poor into two groups: (1) the "deserving" poor not expected to work due to age or disability, and (2) the "undeserving" poor who are able-bodied and young enough to work. The able-bodied poor traditionally are viewed as not deserving aid. Belief in this classification may have softened over time, but the work ethic still is an important factor in poverty policy debates.

Research points toward potential adverse longrun effects of childhood poverty. For example, Morrissey (1991) shows that transmission of poverty from one generation to the next may be a problem in nonmetro areas as well as metro areas. Childhood poverty may also have adverse effects on the quality of the workforce and competitiveness with foreign countries (Smeeding and Torrey, 1988, p. 877).

Ways To Help

A variety of measures could be used to aid the three groups of rural poor. For the readers' convenience, we have summarized these measures in table 2. Some measures, such as those involving the minimum wage and Unemployment Insurance (UI), could benefit any able-bodied poor, regardless of the presence of children. We chose to list these items in the column headed "able-bodied poor with children." The large number of options in table 2 reflects the complex way in which aid is extended to the poor in this Nation.[2]

When a particular option is discussed, a brief summary of its history is sometimes presented. The feasibility of changes in programs and policies is constrained by the past. For example, the Earned Income Tax Credit (EITC) was originally established to address a specific problem: taxes being paid by poor families with children. Expanding the EITC to serve as a broader income transfer program to serve other groups goes beyond the original intent of the credit and could be difficult to pass.

Table 2 does not list measures encouraging national growth to provide employment for the rural poor. This omission should be explained, since economic growth traditionally has been considered the dominant

[2]The discussion of policy options reflects legislation and proposals existing as of February 1992, when the chapter was last revised.

Table 2—Ways to aid three groups of poor

Aged and disabled poor	Able-bodied poor with children				Able-bodied poor without children
Social Security: • Increase benefits for low-income elderly. • Extend coverage to temporarily disabled. Supplemental Security Income: • Set maximum Federal payment equal to poverty level. • Mandate more State supplementation. • Extend coverage to temporarily disabled.	Federal tax system: • Increase personal exemption. • Increase Earned Income Tax Credit. Minimum wage: • Raise level. • Extend coverage. • Index for inflation. Unemployment Insurance: • Extend duration. • Establish higher minimum benefits. • Establish eligibility criteria based on hours worked. • Use lower unemployment rate to trigger extended benefits. Establish wage subsidy.	Child care: • Make child care tax credit refundable. • Continue or increase funding for Title XX and child care block grants. Education and training: • More educational and training programs for those already employed. • Broaden focus of JTPA and JOBS programs. • Improve educational system in general. • Increase funding for Head Start. • Coordinate educational and training programs with rural development (or establish relocation programs).	Establish universal child allowances. Aid to Families With Dependent Children: • Lower benefit-reduction rate. • Establish uniform minimum benefit levels. • Index benefits for inflation. Medicaid: • Speed up phasing in of coverage for children. • Cover parents other than AFDC participants and pregnant women.	Extend Earned Income Tax Credit to workers with no children. Turn general assistance into a national program with a uniform minimum benefit. Extend Medicaid to all poor. Some items listed under "able-bodied poor with children" could also be useful. (Items involving the personal exemption, minimum wage, wage subsidy, and Unemployment Insurance. Also, some of the items listed under education and training.)

source of gain for the poor (Cutler and Katz, 1992). Economists generally believed that market-driven national economic growth would lead to more equal income among richer and poorer regions while reducing income disparities among individuals and families.

An examination of recent economic trends, however, leads us to question the effectiveness of economic growth in reducing income disparities. Disparities in income among areas as well as people widened markedly during the 1980's, despite the sustained recovery after the 1980-82 recessions. Over one-third of all nonmetro counties started the decade with per capita income below the U.S. mean and fell even further below the U.S. mean by 1987 (Redman and Rowley, 1991). In addition, a trend toward greater inequality in the distribution of household income began in the 1970's, and this trend accelerated in the 1980's (U.S. Department of Commerce, 1991b). Economic growth can reduce neither poverty nor geographic income differentials if the newly created income is distributed unequally.

Until we understand why economic growth has lost its effectiveness in meeting equity goals, no national or rural development policy recommendations to reduce rural poverty will be very credible. (For more information about national income growth and what it means for the rural poor, see appendix 1.) We will now examine other ways to help the rural poor.

The Aged and Disabled Poor

The aged and disabled poor are fairly numerous. (See appendix 2 for the definition of disabled.) The aged make up about 1 million units (family heads plus unrelated individuals), or 27.8 percent of the nonmetro total (table 1). The disabled make up an additional 515,000 units, or 13.9 percent of the total. Although 60 percent of the aged units are female unrelated individuals, the disabled are more evenly spread across the family types.

The aged and disabled poor receive income from the same programs, Social Security and Supplemental Security Income (SSI). Social Security is a social insurance program. Receipt of benefits is not contingent upon low income, but upon coverage in a Government insurance program funded through payroll taxes paid by employers and employees. Social Security pays benefits to retirees, disabled workers, and the dependents and survivors of workers. The program also redistributes income by replacing a larger share of low-paid workers' salaries when they retire (Levitan, 1990, p. 43). It may seem odd to

find Social Security in a discussion of poverty, but cash social insurance, of which Social Security is the largest program, plays a larger role in reducing poverty than cash welfare (Bentley, 1986, p. 20).

SSI is means tested; recipients must meet income and asset criteria in order to participate. The program began in 1974 to provide a Federal minimum-income guarantee to needy elderly, disabled, or blind people (Deavers and others, 1986, p. 299). SSI replaced three State-Federal programs serving the same aged, disabled, or blind clients. Mandatory State supplementation ensures that recipients from the predecessor programs receive as much under the new program as under the predecessors, and States can make additional optional supplements (U.S. House of Representatives, 1991, pp. 739-740).

Although the elderly make up a substantial share of the nonmetro poor units, the poverty rate for nonmetro elderly persons has declined markedly, largely during the early 1970's (fig. 1). The progress against poverty among the rural elderly during this period is the result

Figure 1

Poverty rates for all elderly and nonmetro elderly, 1959-89

Source: U.S. Department of Commerce, Current Population Survey, various years.

of changes in Social Security and SSI (Deavers and others, 1986, p. 299). Before automatic indexing of Social Security benefits for inflation began after 1975, benefit increases were legislated. Four large legislative increases well in excess of the inflation rate began in 1968 and ended in 1972 (table 3). Indexing of Social Security benefits was introduced to constrain growth of the program (Shipp, 1982, p. 17). Indexing, however, also ensured that previous gains were not eroded by inflation.

The introduction of SSI in 1974 "...did much to reduce the worst deprivation experienced by the adult assistance populations transferred from each State to the new program (Schieber, 1978, p. 40)." Again, indexing ensured that these gains were not lost through inflation.

Because the aged and disabled typically cannot be expected to work, most further gains against poverty for them will depend heavily upon Social Security and SSI. The maximum Federal SSI benefit payable to those with no other income is not enough to remove families or individuals from poverty. In 1991, the maximum Federal SSI payment

Table 3—Legislated increases in Social Security benefits, 1965-75

Year	Increases over prior year		
	Wages	Consumer price index	Social Security benefits
		Percent	
1965	1.8	1.7	7.0
1966	6.0	2.9	0.0
1967	5.6	2.9	0.0
1968	6.9	4.2	13.0
1969	5.8	5.4	0.0
1970	5.0	5.9	15.0
1971	5.0	4.3	10.0
1972	9.8	3.3	20.0
1973	6.3	6.2	0.0
1974	5.9	11.0	11.0
1975	7.5	9.1	8.0

Source: U.S. House of Representatives (1991, p. 25).

was 74 percent of the poverty threshold for an individual living independently and 88 percent of the threshold for a couple living independently (U.S. House of Representatives, 1991, p. 748).[3]

Establishing the maximum Federal payment equal to the poverty level would especially help the rural aged and disabled poor, largely because of their regional concentration (Deavers and Hoppe, 1991, p. 93). About 60 percent of both the aged and the severely disabled poor in nonmetro areas live in the South (U.S. Department of Commerce, 1991a, pp. 51, 63, and 100), where State optional supplementation of the program tends to be low. For example, of the 17 Southern States, 15 do not supplement SSI for aged married couples and individuals living independently (U.S. House of Representatives, 1991, pp. 743-746). Among the remaining States, only nine fail to supplement SSI for aged married couples and individuals living independently. An alternative to a Federal benefit equal to the poverty level would be to mandate more State supplementation.

Social Security can also play a role in reducing poverty among the rural aged and disabled. For example, nearly 60 percent of poor elderly family heads and unrelated individuals receive Social Security but not SSI or food stamps (U.S. House of Representatives, 1991, p. 1119). Thus, increasing Social Security for the low-income elderly could help reduce poverty among the elderly who do not participate in welfare programs (Deavers and Hoppe, 1991, p. 93). Increases in Social Security benefit levels for retirees at *all* income levels, however, would be a relatively inefficient way to reduce poverty among the elderly. General increases would also provide a bonanza to well-to-do Social Security recipients.

Disability programs other than SSI and Social Security include Worker's Compensation, company or union disability, black lung, military disability, veteran's disability, and government disability. These programs, however, are largely targeted at fairly narrow groups of the disabled; they would not reach as many of the disabled as Social Security or SSI.

Despite the existence of disability programs, a gap exists in support to people with disabilities (Ellwood, 1988, pp. 94-96). Generally speaking, one must have a long-term disability or a disability sustained

---

[3]These percentages apply to recipients receiving no income other than SSI. Receipt of other income would lower the SSI benefit.

on the job to benefit from a disability program. For example, to receive SSI or Social Security disability, one must have a medically determined disability that has lasted a year, is expected to last a year, or is expected to cause death (U.S. House of Representatives, 1991, pp. 49, 730). For those who suffer a short-term injury off the job, there is little protection. The eligibility criteria for SSI or Social Security could be altered to cover such cases.

Not all of the needs of the elderly or disabled are related to their income levels, however. The elderly, for example,

> ...must also cope with the other problems of aging, such as failing health, greater sensitivity to temperature extremes, and social isolation. In addition, nonmetro areas generally have little or no public transportation, which may be a problem for those elderly persons who are too ill to drive or too poor to maintain an automobile (Deavers and others, 1986, pp. 299-300).

Continued support for programs providing services to the elderly and disabled is important. Title XX block grants to the States can be important in this regard. These grants support a variety of services that may be helpful to the elderly and disabled, such as counseling, homemaker and homecare services, home-delivered and congregate meals, special services for the disabled, and transportation (U.S. House of Representatives, 1991, p. 779). In some cases, these services may be as important to the rural elderly and disabled poor as increased income.

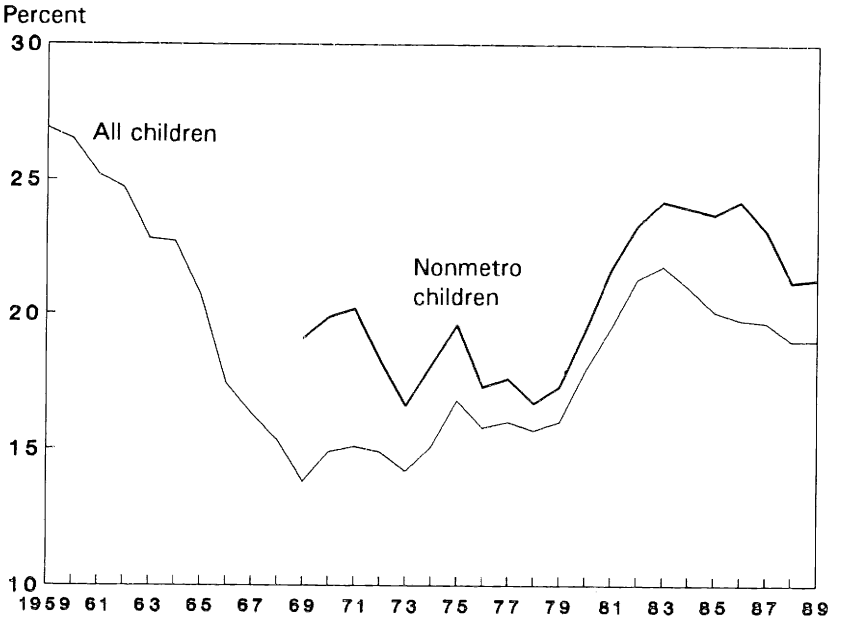
Able-Bodied Poor With Children

Unlike the elderly, children experienced an increasing poverty rate in recent years. Both the nonmetro and overall child poverty rates increased sharply during the recessions of the early 1980's, and by the late 1980's neither rate had declined to its level before the recessions (fig. 2). The nonmetro child poverty rate stayed at the 24-percent level from 1983 through 1986 before declining in 1987.

It is impossible to help poor children without considering the characteristics of their families. The number of nonmetro poor families with children was fairly large in 1989, 1.4 million. Over 80 percent of these families had an able-bodied head (table 1). And, about three-quarters of these family heads worked at least part of 1989 (table 4). These families were poor despite work because wages were low, the

Figure 2

Poverty rates for all children and nometro children, 1959-89



Source: U.S. Department of Commerce, Current Population Survey, various years.

families were large, or the work did not last a whole year. As pointed out in chapter IV, working less than full-time for the whole year is common among the nonmetro poor with children, largely because of slack work and a lack of jobs providing more hours of work.

Thus, antipoverty measures for rural families with children must deal largely with able-bodied family heads who, for the most part, can and do work. Measures potentially relevant to rural working families involve the Federal tax system, the minimum wage, UI, child care, education and training, and a universal child allowance going to families even if the parents work. Some changes in the welfare system would also be helpful to families trying to work their way off welfare.

Federal Tax System

Requiring working poor people to pay taxes seems unreasonable, and Congress has addressed this problem from time to time. The EITC, enacted in 1975, is a tax credit available to low-income families with earned income and at least one child (U.S. House of Representatives,

Table 4—Work history of able-bodied[1] poor family heads and unrelated individuals in nonmetro areas, 1989

Family type	Total able-bodied heads and unrelated individuals	Worked[2]	Did not work	Reason for not working				
				Retired	Home or family reasons	Going to school	Unable to find work	Other
				Thousands				
Total family heads and unrelated individuals	2,164	1,620	546	57	296	72	75	46
Heads of families with children	1,169	870	299	4	222	14	50	9
Married-couple families	510	465	45	0	24	3	13	5
Male-headed families, no spouse	40	36	4	0	1	0	3	0
Female-headed families, no spouse	620	370	250	4	197	11	34	4
Heads of families without children	209	155	55	28	19	2	2	4
Unrelated individuals	786	595	192	25	55	56	23	33
Male	365	285	80	13	5	26	12	24
Female	421	310	112	12	50	30	11	9

See footnotes at end of table.

--Continued

Table 4—Work history of able-bodied[1] poor family heads and unrelated individuals in nonmetro areas, 1989--Continued

Family type	Total able-bodied heads and unrelated individuals	Worked[2]	Did not work	Reason for not working				
				Retired	Home or family reasons	Going to school	Unable to find work	Other
				Percent				
Distribution by work status:								
Total family heads and unrelated individuals	100.0	74.9	25.2	2.6	13.7	3.3	3.5	2.1
Heads of families with children	100.0	74.4	25.6	0.3	19.0	1.2	4.3	0.8
Married-couple families	100.0	91.2	8.8	0.0	4.7	0.6	2.5	1.0
Male-headed families, no spouse	100.0	90.0	10.0	0.0	2.5	0.0	7.5	0.0
Female-headed families, no spouse	100.0	59.7	40.3	0.6	31.8	1.8	5.5	0.6
Heads of families without children	100.0	74.2	26.3	13.4	9.1	1.0	1.0	1.9
Unrelated individuals	100.0	75.7	24.4	3.2	7.0	7.1	2.9	4.2
Male	100.0	78.1	21.9	3.6	1.4	7.1	3.3	6.6
Female	100.0	73.6	26.6	2.9	11.9	7.1	2.6	2.1

Note: Detail may not add to totals due to rounding. [1]Neither aged nor disabled. [2]Includes members of the armed forces.
Source: U.S. Department of Commerce, Current Population Survey, 1990.

1991, p. 897). It was created to help alleviate the burden of payroll taxes on the poor (Levitan, 1990, p. 69). Unlike exemptions or deductions, the EITC is refundable. In other words, if the credit is larger than income tax owed, the excess is paid to the tax filer. This measure is more heavily used in nonmetro areas. About 12.5 percent of nonmetro households received an EITC in 1989, compared with 8.8 percent of their metro counterparts.[4]

The Omnibus Budget Reconciliation Act (OBRA) of 1990 adjusted the EITC to reflect the number of children in the family and increased the maximum amount of the credit (U.S. House of Representatives, 1991, p. 897). The OBRA also added supplemental young child and health insurance credits to the basic EITC. Full effects of the OBRA on the EITC will be phased in by 1994. The maximum EITC in 1991, excluding the young child and health insurance credits, was $1,192 for a family with one child and $1,235 for a family with two or more children.

During the late 1970's and early 1980's, inflation eroded the value of the standard deduction, personal exemption, and EITC by reducing the real income at which filers became subject to income tax. This effectively raised the taxes of the poor. Tax cuts slowed this trend, but did not stop it. In 1985, however, the standard deduction and personal exemption became indexed for inflation. During the next year, the Tax Reform Act (TRA) of 1986 substantially raised the standard deduction and personal exemption and also raised and indexed the EITC (U.S. House of Representatives, 1989, pp. 872-873). Because the poor were slightly more likely to pay income taxes in nonmetro than metro areas before the TRA (Bentley, 1986, p. 26), these changes probably benefited the rural poor more.

Poor workers are affected by taxes other than the income tax. At the Federal level, for example, they pay a Social Security payroll tax on wages up to a maximum amount, called the wage base. The level of this tax has increased over the years, from 4.8 percent of the wage base in 1970 to 7.65 percent in 1991 (U.S. House of Representatives, 1991, p. 75). During the same period, the wage base increased from $7,800 to $54,000 for the Old Age, Survivors, and Disability Insurance portion of the Social Security tax and from $7,800 to $125,000 for the Medicare portion.

---

[4]These rates were calculated from unpublished data provided by the Department of Commerce, Bureau of the Census.

The net effects of Federal income and payroll taxes on families or individuals with poverty-level income are illustrated in table 5. The table does not consider other taxes, such as Federal excise taxes, State income tax, State sales tax, and property tax. The year 1994 was selected to represent conditions after the provisions of OBRA 1990 are phased in.[5]

The income tax refund completely offsets payroll taxes for one- and two-child families. Larger families, however, still pay a positive combined tax in 1994. The size of the EITC decreases with family size because the income level at which the credit begins to phase out is not adjusted for family size. Thus, as poverty-level income increases with family size in table 5, larger and larger cuts occur in the EITC. In addition, the phase-out rate is slightly higher for families with two or more children than for families with only one child. Including State and local taxes would decrease the net effects of the EITC.

The likelihood of further increases in the standard deduction and personal exemption to help the poor is unknown. There is no pressing reason for an increase, because the levels set in TRA 1986 are indexed to avoid the old problem of inflation. Nevertheless, the National Commission on Children (1991, pp. 84-87) argues that the personal exemption could be raised because it currently is a smaller percentage of per capita income than in the 1950's and 1960's. And, President Bush proposed increasing the personal exemption for children by $500 (Haas, 1992, p. 276).

One could argue for an expanded EITC on the grounds that at least some of the working poor with children pay taxes, especially if State and local taxes are considered.[6] In the long run, fairly large increases in the EITC could be required to offset large increases in the payroll tax that may be necessary to support Social Security and Medicare (Hoppe, 1991a, p. 14). Interest in increasing the EITC also exists among lawmakers. Early in 1992, for example, Senator Rockefeller of

---

[5]Table 5 does not represent the experiences of an average poor family or individual. It represents what would happen to individuals and families with very specific characteristics. Individuals and families are assumed to have an income equal to their poverty level, and all income comes from wages and salaries. Families with one or more children are assumed to be eligible for the EITC and to take advantage of it.

[6]Note, however, that some of the effects of State taxes are offset by State EITC's. Five or six States have an EITC, depending on how one defines an EITC (Hutchinson, 1992).

Table 5—Combined Federal income and Social Security tax for individuals and families with income at the poverty level, 1994[1]

Tax	Individual	Married-couple family with: No children	1 child	2 children	3 children	4 children
			Dollars			
Federal income tax[2]	218	0	-1,858	-1,511	-1,004	-580
Social Security tax	593	759	929	1,191	1,408	1,590
Combined income and Social Security tax	811	759	-930	-320	405	1,010
			Percent			
Combined tax as share of income	10.5	7.6	-7.7	-2.1	2.2	4.9

Assumptions: All income consists of wages and salaries. All individuals and family members are under 65 years old. All families with one or more children are eligible for the earned income tax credit (EITC).

[1]Projected.

[2]Negative numbers reflect refundability of the EITC.

Source: Congressional Budget Office, cited in U.S. House of Representatives (1991, pp. 1274-1276).

West Virginia introduced a bill incorporating an expanded EITC (Taylor, 1992).

The EITC functions much like a negative income tax, which guarantees a minimum income through the tax system. Advocates of the negative income tax argue that it can be substituted for the confusing array of means-tested welfare programs that currently exist (Levitan, 1990, p. 72). Expanding the EITC for this purpose, however, goes beyond the original intent of the credit, compensating poor parents for payroll tax payments.

The Minimum Wage

Raising the minimum wage and extending its coverage are frequently discussed as a way to help the poor. The last increases in the minimum wage were in April 1990, when it was raised to $3.80 per hour, and April 1991, when it was raised to $4.25 per hour. The rate had been set at $3.35 since January 1981.

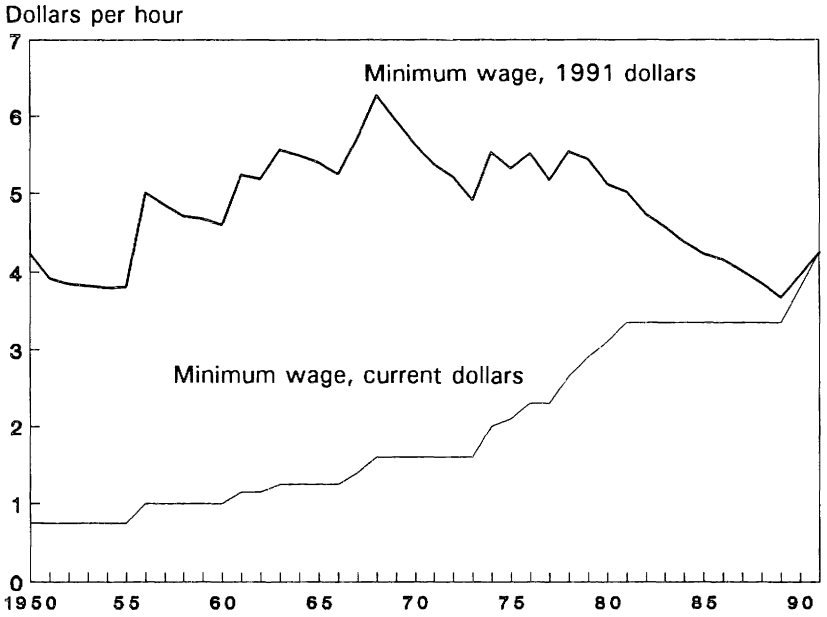
Recent increases in the minimum wage partially compensate for the erosion in the purchasing power of the minimum wage during the 1980's caused by inflation (fig. 3). However, the increases do not restore the purchasing power of the minimum wage to the levels of the 1960's or 1970's. In addition, the minimum wage as a percentage of the average hourly earnings in the private sector remains low (fig. 4). Even at the $4.25 level, the minimum wage does not provide enough earnings to remove a one-worker family with children from poverty (table 6).

As pointed out in an earlier work (Deavers and Hoppe, 1991, pp. 94-95), we have misgivings about the ability of minimum-wage increases to reduce poverty. First, increasing the minimum wage may result in some employers cutting back on the number of poor employees they hire. Second, relatively few poor workers are covered by minimum-wage legislation.

Perhaps the greatest problem with the minimum wage as a way to combat poverty, however, is that most minimum-wage workers do not live in poor families (Burkhauser and Finegan, 1989; Smith and Vavrichek, 1987). And, minimum-wage family heads are increasingly rare. Raising the minimum wage, therefore, is a relatively inefficient tool for reducing poverty, because most of the benefits go to families who are not poor.

Figure 3

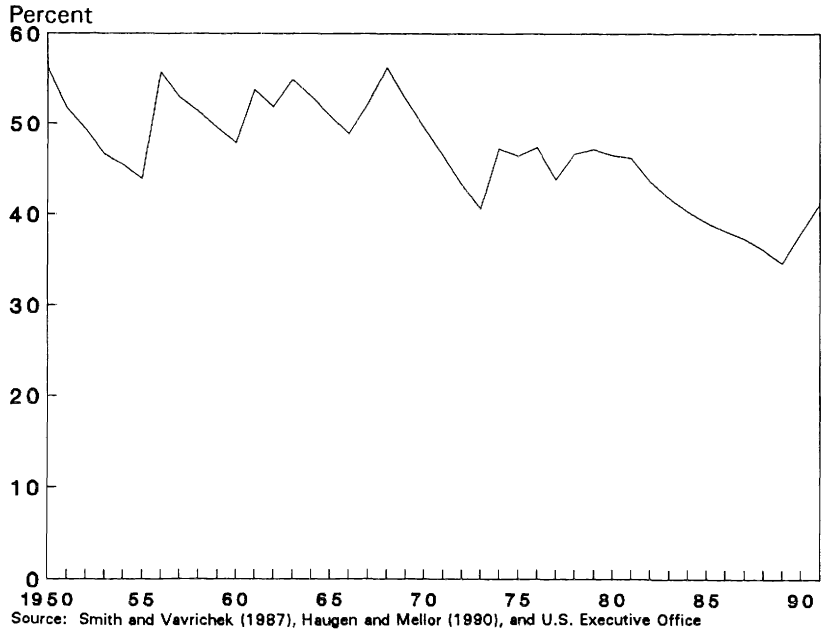
Minimum wage in current and 1991 dollars, 1950-91



Source: Smith and Vavrichek (1987), Haugen and Mellor (1990), and U.S. Executive Office of the President (1992a).

Figure 4

Minimum wage as a percentage of average hourly wage in the private sector, 1950-91



Source: Smith and Vavrichek (1987), Haugen and Mellor (1990), and U.S. Executive Office of the President (1991 and 1992a).

Table 6—How working for the minimum wage affects the poverty status of families with one or two children, 1991

Item	Family type: Married couple, 1 child	Married couple, 2 children	Single parent, 1 child	Single parent, 2 children
		Dollars		
Poverty level[1]	10,963	13,812	9,388	10,973
Earnings:[2]				
One minimum-wage worker	8,840	8,840	8,840	8,840
Two minimum-wage workers	17,680	17,680	NA	NA
		Percent		
Earnings as percentage of poverty level:				
One minimum-wage worker	80.6	64.0	94.2	80.6
Two minimum-wage workers	161.3	128.0	NA	NA

NA = Not applicable.

[1]Estimated by updating 1990 levels with the 1991 Consumer Price Index.

[2]Each minimum-wage worker is assumed to work 40 hours per week for 52 weeks per year. Minimum-wage workers are assumed to receive the new $4.25 rate effective in April for the entire year.

On the other hand, a recent analysis by Mincy (1990) indicates that increases in the minimum wage may reduce poverty more than earlier studies suggested. Earlier studies had data problems that were resolved when the March Current Population Survey (CPS) began providing data on wage rates and hours worked as well as poverty status, and Mincy's findings were based on the improved CPS.

We still believe, however, that the strongest argument for increasing the minimum wage is the statement it makes about society's valuation of labor (Deavers and Hoppe, 1991, p. 94). The minimum wage reflects the minimum purchasing power that society deems acceptable for workers. An increase in the minimum wage is not likely in the near future since it recently increased. Nevertheless, the Nation may want to consider indexing the minimum wage so that its purchasing power does not erode.

A measure related to the minimum wage is a wage subsidy (Ellwood, 1989, pp. 280-281). This could be handled by paying half of the difference between a worker's wage and a higher target wage. For example, if the target wage were $6.00 per hour and the worker were paid the minimum wage of $4.25 per hour, the wage subsidy would be $0.88 per hour. Wage subsidies, however, are difficult to administer and do not appear to lead to more work by the poor.

Unemployment Insurance

Although the sluggish economy that began in 1990 did not disproportionately affect nonmetro areas, the recessions of the early 1980's were more serious in nonmetro areas (Parker, 1991, p. 8). Unemployment rates reached higher levels in nonmetro areas, and the nonmetro recovery was slower. After the recovery began, unemployment remained a problem for the rural poor. In 1987, for example, 13.4 percent of nonmetro poor family heads with children worked only part of a year due to slack work, compared with only 8.8 percent in metro areas. (Calculated from table 4, chapter IV.)

In times of severe unemployment, the State-Federal UI program undoubtedly helps prevent rural poverty, even though the program is not means-tested. A recent study of UI families found that about 20 percent were poor while receiving UI. However, 45 percent would have been poor without the program (U.S. House of Representatives, 1991, p. 512).

In order to receive benefits, an unemployed person must have recently worked for a covered employer for a specified time and have received a specified amount of wages (U.S. House of Representatives, 1991, p. 481). The specifics of the UI program vary greatly by State, because the States determine the level of benefits, duration of benefits, eligibility, and employers' contributions to the program (Levitan, 1990, pp. 62-63).

The 50,000 unemployed heads of nonmetro families with children in table 4 would not be eligible for UI by the end of 1989 because they were unemployed for all of 1989. The States generally limit eligibility to 26 weeks. Eligibility can be extended another 13 weeks in States with high unemployment among workers covered by the program (U.S. House of Representatives, 1991, p. 491).[7] The program would have been of more use to those who worked part of a year and also experienced some unemployment.

Changes in UI could help the program better serve the poor (Ellwood, 1988, pp. 121-122). For example, the duration of benefits could be extended and higher minimum benefits could be established. Minimum hour eligibility criteria could be used instead of minimum earnings requirements so that more low-wage earners could qualify. A lower unemployment rate could be used to trigger extended benefits. UI cannot be considered a permanent solution to poverty caused by persistent unemployment, however. UI was designed only as a short-term social insurance program to help the unemployed, and the changes discussed above would change the primary purpose of the program.

Child Care

About 222,000 poor family heads in nonmetro areas gave "home or family reasons," which includes caring for children, as the main reason for not working in 1989 (table 4). Approximately 197,000 of these family heads, or 89 percent of the total, were female heads of families. If these family heads are to work, child care is necessary. The FSA will help provide child care to participants in the Job Opportunities and Basic Skills Training (JOBS) program. The FSA will also help provide transitional child care to some families leaving Aid to Families With

---

[7]Congress can also pass legislation specifically to extend unemployment benefits. For example, an act passed late in 1991 temporarily extended unemployment benefits to those who had exhausted the first 26 weeks of UI (Zuckman, 1991, p. 3205; *Congressional Quarterly Weekly Report*, 1991, p. 3741).

Dependent Children (AFDC). Its funding provisions may also increase the supply of child-care facilities in rural areas. The act, however, will not have much of a direct impact on those not participating in AFDC or the JOBS program.

The Federal Government provides other subsidies to child care (U.S. House of Representatives, 1991, pp. 1036-1039). The largest subsidy is Child and Dependent Care Tax Credit, a nonrefundable tax credit. Although this credit is useful to the poor, it is probably more valuable to the middle class.

Other subsidies may be more useful to the poor. For example, the role of Title XX block grants in supporting child care and other services was already discussed in chapter III. The Child Care and Development Block Grant, recently established by OBRA 1990, helps the States improve the quality and availability of child care. To be eligible for services, children must be under 13, have at least one working parent, and live in families with income less than 75 percent of the median family income for the State. OBRA 1990 also established a child-care matching grant program for children at risk of becoming eligible for AFDC. An important issue will be ensuring that the States allocate the new grant money for child care in such a way that rural areas receive an equitable share.

Additional legislation to provide for daycare for poor children may be passed. For example, making the child-care tax credit refundable has been discussed (Danziger, 1989, p. 25). This would help poor families pay for child care even if they had no tax liability. Continuing or increasing funding for Title XX and the child-care block grants would also be helpful to working poor parents.

Education and Training

Improving the work skills of parents could provide a way out of poverty for the able-bodied poor with children. This includes improving the skills of those who do not work and making those who work regularly better able to compete for jobs with higher wages. It also includes making those whose labor market episodes are brief and low-paying more employable. Most training programs tend to focus on young people, the unemployed, and people outside the labor force rather than people already working in poorly paying jobs (Levitan, 1990, p. 151). Providing more training for those already working may be desirable.

Broadening the focus of the existing Job Training Partnership Act (JTPA) and JOBS programs may also be appropriate. Changes in the nature of skills required in the marketplace suggest that there needs to be an increased emphasis on literacy, reasoning, problem solving, and group and teamwork skills. Less emphasis is probably needed on particular vocational skills. It is not clear how well these changes are recognized outside of the business community, and what capacity the JTPA and JOBS programs have to accommodate them.

In the long run, however, more and better education for children in poor families is probably of greater value in preventing poverty than programs like JTPA and JOBS targeted at adults. People with higher levels of education are less likely to be poor (Schiller, 1989, pp. 120-127), so increasing poor children's education can help them escape poverty later in life. One program that has been successful in serving poor children is Head Start, which provides pre-school education with a developmental focus for poor children (Levitan, 1990, pp. 127-128). The program has improved children's performance later in school. Current levels of funding do not allow the program to reach all poor children. President Bush, however, proposed increasing Head Start's funding to $2.8 billion (Haas, 1992, p. 277), up sharply from the $2.0 billion level in 1991 (U.S. House of Representatives, 1991, p. 1458). Improving the educational system in general to provide a good education to both poor and nonpoor children is probably a more efficient way to alleviate poverty than trying to provide remedial programs like JTPA and JOBS programs later in life.

Education may not solve the problems of depressed areas. Better educated people are more mobile. If appropriate jobs that use their skills are not created in the local labor market, they will move to where the jobs are available. At the same time, few firms that require skilled workers and pay higher wages are likely to find an area with a poorly educated workforce attractive. Thus, education and training programs need to be coordinated with rural development policies.

As an alternative in depressed areas that cannot generate enough jobs, program graduates could be encouraged to move through relocation programs or other means. Training people so they can migrate to more prosperous areas is a policy option, although it may not be popular in the affected depressed areas. And, relocation programs may be costly and difficult to administer.

Requiring program participants to relocate, however, is not reasonable. Relocating requires poor families with few resources to leave their

informal support network and adjust to an unfamiliar area. The adjustment is even more difficult if relocating involves going from a rural area to a large city. Relocating may be a viable alternative for only the most adaptive poor.

Universal Child Allowances

A child allowance is an income supplement to help pay for the costs of child raising (Levitan, 1990, p. 73). A universal child allowance would be payable to any family with children, regardless of whether the parents worked or were poor. Universal child allowances have the advantage of not requiring an income test, which simplifies administration (Levitan, 1990, p. 74; Ellwood, 1988, pp. 117-118).

The most serious disadvantage of a universal child allowance may be its potential effects on incentives. If set too high, the allowance could discourage work and encourage people to have children. Probably for these reasons, most countries with a universal child allowance provide a relatively modest payment (Ellwood, 1988, p. 118).

A child allowance could be provided either by mailing a monthly check to the family or through the tax system (Ellwood, 1988, p. 118). The National Commission on Children recently endorsed a $1,000 refundable tax credit (National Commission on Children, 1991, p. 94), an approach frequently discussed by poverty analysts. If families owe less tax than the amount of the credit, they would receive a payment for the difference.

A universal child allowance would be a major departure from the way this Nation has dealt with child poverty in the past. However, there may be a limit to how far the traditional welfare approach can go in reducing poverty among children. A universal child allowance with benefits high enough to reduce poverty may be more likely to gain the political support of the middle class because it could benefit from the program.

On the other hand, the middle class would have to help pay the taxes required to fund a universal child allowance. And, given the strength of the work ethic in this country, universal child allowances may never be as acceptable as Social Security, the best known universal social insurance program:

> ...Social security is viewed by the public as an *earned* benefit for elderly people not expected to work. Such a program will always be stronger than programs for working-age families who have not earned their benefits and often are not even in the labor force...(Greenstein, 1991, p. 34).

Changes in Welfare Measures

The measures discussed above would be helpful to poor families who work, regardless of whether they also participated in the welfare system. Some changes in the welfare system, however, could also be considered. Two of these changes, lowering the benefit-reduction rate for AFDC and expanding Medicaid, could help families trying to work their way off welfare. The third change, establishing more uniform AFDC benefits, is largely a matter of fairness.

Lowering the Benefit-Reduction Rate. Work incentives in the AFDC program are reduced by a high benefit-reduction rate. All income received by an AFDC participant reduces the AFDC benefit, except for income specifically excluded by definition or deduction (U.S. House of Representatives, 1991, p. 567). In other words, after certain deductions, the AFDC program essentially takes a recipient's earnings. The marginal benefit-reduction rate for AFDC families currently is 100 percent (Moffitt, 1990, pp. 66-67). The benefit-reduction rate is substantially less for food stamps. Only 80 percent of earnings is counted against income, and the maximum grant is reduced by only 30 cents for each additional dollar of income (U.S. House of Representatives, 1991, pp. 1391 and 1395).

The net effects of work on the income of an AFDC family are difficult to discuss without specific examples because families lose money from welfare reductions, taxes, and work expenses while gaining income from work and the EITC. In addition, both the AFDC and Food Stamp programs have intricate rules and deductions from income that complicate the relationship between work and income.[8] In the illustration presented in table 7, going to work at a minimum-wage job increases income by only $2,712. The Government takes 68.1 percent

[8]To complicate things even more, these rules and deductions change from time to time. For example, the FSA increased the child-care deduction and income disregard in the AFDC program.

Table 7—Working versus welfare for a single parent with two children, January 1991

Source of income	Income when unemployed	Working at minimum wage		Working at twice the minimum wage	
		Income	Change due to work	Income	Change due to work
			Dollars		
Wages[1]	0	8,500	8,500	15,000	15,000
Welfare	7,166	2,043	-5,123	0	-7,166
AFDC[2]	4,404	0	-4,404	0	-4,404
Food stamps[3]	2,762	2,043	-719	0	-2,762
Income taxes[4]	0	0	0	-533	-533
Social Security tax[5]	0	-650	-650	-1,150	-1,150
Work expenses[6]	0	-1,250	-1,250	-1,250	-1,250
Earned income tax credit	0	1,235	1,235	772	772
Net income	7,166	9,878	2,712	12,839	5,673
			Percent		
Effective tax rate on work	NA	NA	68.1	NA	62.2

Note: NA = Not applicable. [1]Based on a minimum wage of $4.25 per hour, 40 hours of work per week, and 50 weeks of work per year. [2]Based on averages of States' maximum monthly benefits in January 1991. [3]Assumes a $116 standard deduction, $95 excess shelter costs, and 20 percent of earned income deducted for working parents. [4]Based on 1991 tax code. [5]Calculated as 7.65 percent of earned income. [6]Rough estimate that includes transportation, clothing, and opportunity cost of caring for children when child care is not available.
Source: National Commission on Children (1991, pp. 89-93 and 442-446).

of wages earned by the minimum-wage worker. A worker paid twice the minimum wage fares better, increasing family income by $5,673. Nevertheless, the Government still takes 62.2 percent of wages. Few people, poor or otherwise, are motivated to work by tax rates in excess of 60 percent.

Lowering the benefit-reduction rate would provide greater incentives for current AFDC recipients to work. It may not reduce the welfare rolls, however. Families with higher earnings would continue to receive benefits, and new recipients may be attracted to the welfare rolls and reduce their work effort (Moffitt, 1990, pp. 66-69).

One way to avoid the problems of work disincentives caused by a high benefit-reduction rate is to fix benefits at a very low level. Using this approach, earnings gained from a job overwhelm the small benefit lost from welfare. This approach has the additional advantage of cutting costs. The main disadvantage is that such low benefit levels may provide inadequate income support. Conflicts always exist among the goals of income provision, work incentives, and cost minimization (Schiller, 1989, pp. 180-181).

Expanding Medicaid. The discussion of the benefit-reduction rate did not consider the loss of Medicaid that may occur as a family's earnings increase. The FSA established transitional Medicaid to help with this problem. Even with the transitional coverage, however, the family will eventually lose Medicaid. And, a lack of medical insurance remains a problem for many of the poor. In 1990, about 30 percent of the U.S. total poor, the metro poor, and nonmetro poor were not covered by medical insurance at any time during the year (U.S. Department of Commerce, 1991e).

Contrary to popular belief, Medicaid has never covered all the poor or even all poor children. In the past, Medicaid eligibility was dependent on actual or potential receipt of AFDC or SSI (U.S. House of Representatives, 1991, p. 1404). Participants in these two programs still are automatically eligible for Medicaid. Some States also extend Medicaid to the "medically needy" who meet the nonfinancial criteria for SSI or AFDC but not the asset or income tests. States can establish more liberal asset and income criteria for the medically needy (U.S. House of Representatives, 1991, p. 1408).

In recent years, the mandatory coverage of Medicaid has been expanded to include more pregnant, low-income women and more children without a connection to AFDC. By fiscal year 2002, coverage

for all poor children under age 19, including those in married-couple families with a working parent, will have been phased in (U.S. House of Representatives, 1991, pp. 1405-1406).

Despite expansion of Medicaid, 21.2 percent of poor children did not have health insurance coverage at any time in 1990 (U.S. Department of Commerce, 1991c). The percentage was substantially higher for children in married-couple families (32.8 percent) than in female-headed families (12.7 percent). One obvious solution to this problem is to speed up phasing in Medicaid for all poor children. Covering parents other than AFDC recipients and poor pregnant mothers would also help poor families.

Another possibility is combining government and private insurance to cover more poor families. For example, the National Commission on Children recommends the Government and employers establish universal health insurance coverage for all children and pregnant women (National Commission on Children, 1991, p. xxiii). Insurance coverage could also be expanded through a tax credit to help the poor buy health insurance. This alternative was proposed by President Bush in early 1992 (U.S. Executive Office of the President, 1992b).

More Uniform AFDC Benefits. The strongest argument for more uniformity in AFDC benefits is fairness. The current State-to-State variation in the program is large and has no rational basis, including differences in the cost of living. For example, as of January 1991, the maximum AFDC benefit for a family of three ranged from $120 in Mississippi to $694 in California (U.S. House of Representatives, 1991, pp. 604-605). The variation in AFDC benefits has implications for rural areas, since the rural poor are more likely to live in the South, where benefits tend to be low (Hoppe, 1989, p. 123).

Whether more uniform benefits should be established and exactly how more uniform benefits could be implemented can only be decided after extensive debate. Regardless of how more uniform benefits were established, however, indexing them would protect their purchasing power against inflation.

Able-Bodied Poor Without Children

Most of the public interest in the poor is directed toward the two groups already discussed: the aged and disabled poor and the able-bodied poor with children. Nevertheless, the able-bodied poor with no children form a relatively large group in rural areas. Nearly a million

family heads and unrelated individuals fell into this group in 1989 (table 1). They made up about 27 percent of nonmetro poor units. About 75 percent of the able-bodied poor without children worked in 1989 (table 4).

For the most part, the fate of these poor is left to market forces. The childless, able-bodied poor largely fall between the cracks in our current welfare system. They are neither aged nor disabled, so they are ineligible for SSI. They have no children, so they are ineligible for AFDC. Because receipt of Medicaid is largely contingent on the presence of children, pregnancy, or participation in AFDC or SSI, they are not likely to be eligible for Medicaid.

The only major welfare program for which they are eligible is Food Stamps. They may be eligible for general assistance, which is a State or local program that picks up the poor not eligible for AFDC or SSI (Schiller, 1989, pp. 172-173). As a rule, however, general assistance does not provide much aid in nonmetro areas (Bentley, 1986, pp. 23-24) and general assistance cases are concentrated in large cities (Levitan, 1990, p. 58).

The childless, able-bodied poor can participate in programs other than welfare, however. They may be covered by social insurance, if they work. For example, UI would provide some income if they lost their job, and Social Security would help if they became disabled. They can also use the job referral services at the local offices of the State employment service.

The childless, able-bodied poor can also participate in training programs for which receipt of AFDC is not an eligibility requirement. For example, the JTPA program targets a broader population than does JOBS. In 1986, only 30 percent of all JTPA participants were on AFDC, general assistance, or refugee assistance (Ghelfi, 1992). The percentage was even lower (21.5 percent) in States that were predominantly nonmetro. In addition to traditionally disadvantaged groups, JTPA covers dislocated workers who have lost their jobs because of layoffs or plant closing (Schiller, 1989, pp. 202-203). Nonexempt adult food stamp recipients, regardless of family type, are also required to participate in work registration, work search, or training activities (U.S. House of Representatives, 1991, pp. 1393-1394).

Some of the changes in programs and laws discussed in the section on the able-bodied poor with children would also help the able-bodied

poor without children. For example, the changes regarding the minimum wage, wage subsidy, and UI could help anyone who worked, with or without children. Other changes in existing programs or laws, however, could benefit this group in particular. For those who work, the EITC could be expanded to cover workers who have no children. Or, general assistance could be made into a nationwide program, with a uniform minimum benefit schedule, to cover groups omitted from other programs. Extending Medicaid to all the poor would also help the childless, able-bodied poor.

The Next Steps?

Substantial changes in the welfare system seem unlikely for the next few years. Lawmakers will want to see how the provisions of the FSA work before making major changes. However, the issues of welfare reform and poverty will eventually be revisited. People concerned about rural poverty can begin discussing a range of possible policy changes to help the rural poor. In this chapter, we considered changes in programs and laws to help the aged and disabled poor, the able-bodied poor with children, and the able-bodied poor without children. These changes are sorted another way in table 8 using a classification scheme adapted from Ellwood (1989). He identified three major policy streams, or basic approaches, to helping the poor:

- Fix welfare,
- Use nonwelfare alternatives, and
- Reorient economic, educational, and social policies.

The choice of the approaches to use is probably as important (and as difficult) as the choice of the groups to help.

We have doubts about the feasibility of the items that involve fixing welfare. Most of these items would expand welfare benefits or welfare coverage, which seem unlikely given current budget problems. Also, the emphasis recently has been on reducing welfare use, not increasing it.

Nevertheless, three changes in the welfare system could be argued simply on the basis of equity or fairness: (1) setting the maximum SSI Federal benefit equal to the poverty level, (2) establishing uniform minimum benefit levels for AFDC, and (3) extending Medicaid to all

Table 8—Three basic approaches to help the poor

Fix welfare	Use nonwelfare alternatives		Reorient economic educational, and social policies
Aid to Families With Dependent Children: • Establish uniform eligibility criteria and minimum benefit levels. • Index benefits for inflation. • Lower benefit-reduction rate. Supplemental Security Income: • Set maximum Federal payment equal to poverty level. • Mandate more State supplementation. • Extend coverage to temporarily disabled. Medicaid: • Speed up phasing in of coverage for children. • Cover parents other than AFDC participants and pregnant women. • Extend program to all poor. Turn general assistance into a national program with a uniform minimum benefit.	Social Security: • Increase benefits for low-income elderly. • Extend coverage to temporarily disabled. Federal tax system: • Increase personal exemption. • Increase Earned Income Tax Credit. • Extend Earned Income Tax Credit to workers with no children. • Make child care tax credit refundable. Minimum wage: • Raise level. • Extend coverage. • Index for inflation.	Unemployment Insurance: • Extend duration. • Establish higher minimum benefits. • Establish eligibility criteria based on hours worked. • Use lower unemployment rate to trigger extended benefits. Establish wage subsidy. Continue or increase funding for Title XX and child-care block grants. Establish universal child allowances. (Possibly via a refundable tax credit.) Combine government and private medical insurance to cover all poor families.	Education: • Establish more educational and training programs for those already employed. • Broaden focus of JTPA and JOBS programs. • Improve educational system in general. • Increase funding for Head Start. Coordinate educational and training programs with rural development. Establish relocation programs. Support macroeconomic policies that encourage economic and employment growth.

the poor. One standard for equity would be that people in similar circumstances be treated similarly (Deavers and Hoppe, 1991, p. 98). The geographic variations in the SSI and AFDC programs seem unreasonable by this standard. The first two changes listed above would reduce geographic variations in SSI and AFDC and would, as pointed out earlier in this chapter, disproportionately benefit people in rural areas.

Extending Medicaid to all the poor without medical insurance seems more reasonable and more equitable than having some groups eligible while other groups are not. Covering all the poor would also eliminate the incentive for the poor to quit work to get Medicaid coverage.

The nonwelfare alternatives are less tightly targeted at the poor than fixing welfare. For example, the items directed specifically at the working poor--those involving the tax system, minimum wage, and wage subsidy--could provide benefits to people above the poverty level. As another example, a universal child allowance would provide income to all families with children, regardless of income. This loose targeting raises costs by not concentrating benefits on those who need them the most.

Looser targeting is not necessarily wasteful, however. Although people just above the poverty threshold may be better off than those just below the poverty threshold, they are still far from well-to-do. Most of the benefits from the EITC, for example, go to people who are struggling economically, even if they are not technically poor. To some extent, exactly where the poverty threshold is drawn is arbitrary (Ruggles, 1990).

Given the attachment of the nonmetro poor to the labor force (table 4), a combination of items related to work could prove useful in rural areas. For example, Lerman (1988, p. 25) suggested a package of such measures, including a refundable child tax credit and a wage subsidy, that would help low-wage workers without expanding the welfare system.

Lerman's approach would affect the working poor as well as AFDC families with no workers. It contrasts sharply with the recent emphasis on getting AFDC parents into the labor force and off welfare. However, focusing on the poor who do not work while ignoring the poor who already work can establish work disincentives:

> Poverty among the working poor is particularly hard to justify at a time when we are trying to encourage those on welfare to begin working. What normative messages do our social policies send if single parents on welfare are often as well or better off than two-parent families with someone working? And how can we ask welfare recipients to work if work does not guarantee a route out of poverty (Ellwood, 1989, p. 280)?

Lerman's approach involves more than just tax breaks for the poor. This appears to be necessary, given recent economic history. Even with the economic growth in the 1980's and the favorable tax treatment of the working poor in the TRA of 1986, income shifted away from the bottom 20 percent of the income distribution:

> ...The apparent failure of the private market and of government employment and tax programs to reverse the trend toward greater income inequality even during economic recoveries will require the U.S. as a society to seriously reassess its approaches to dealing with the less fortunate. There are groups within U.S. society that are unaffected by the economic recovery and will not be affected without some broader incomes policy that distributes a greater share of economic growth to those in weak labor markets or with poor skills...(Michel, 1991, p. 202).

If the rural poor are to work their way out of poverty, with or without other income supports, work must be available in rural areas, and the rural poor must be qualified to perform the work. Addressing these issues would require reorienting economic, educational, and social policies.

But, as mentioned earlier, we do not fully understand the economic changes that happened in the 1980's. Until we understand these changes, effective macroeconomic and rural development policy recommendations are difficult to make. Although a strong national economy obviously can help the rural able-bodied poor find work, macroeconomic policy provides no cure for rural poverty. It has become more difficult to believe that macroeconomic policies that stimulate growth will eventually reach the rural poor. (For more information, see appendix 1.)

In the long run, the items related to education in table 8 are important for the poor in both urban and rural areas. Educational failure, whether in preparing young labor force entrants, keeping worker skills honed, or retooling workers whose skills become obsolete, also has broad national consequences extending beyond rural poverty. As the pioneering work by Denison (1979) on U.S. economic development demonstrated, growth of real per capita income resulted from improvements in human capital, not just from technological change and physical capital investments. We will fall short in providing improved standards of living for our citizens if productivity growth stagnates from failure to improve human capital.

In particular, retraining adults already in the labor force has become increasingly important. Changes in the age distribution mean that educating children has less of an impact on the quality of the labor force than in the past. The portion of the population under age 18 declined from 36 percent in 1960 to only 26 percent in 1989 (U.S. Department of Commerce, 1991d, p. 13). Substantial improvements in the quality of the labor force will require retraining adults, both poor and nonpoor.

There also are important interactions between labor supply conditions and labor demand. Difficulties that emerged in the 1980's in sustaining real earnings for many workers and the increase in poverty rates cannot be blamed on human capital problems alone. During the 1980's, the U.S. labor force absorbed 24 million new workers, compared with only 10 million in the 1950's, 8 million in the 1960's, and 13 million in the 1970's (*Business Week*, 1991, p. 6, special advertising section). The United States was unable to absorb the very large net addition to the workforce entirely through high-skill, high-wage jobs. In fact, much of the rural employment growth was in relatively low-paying components of the service sector where productivity growth was often slow (Porterfield, 1990, pp. 2-7). It is unlikely that education, like macroeconomic policy, by itself can be effective in reducing rural poverty. At a minimum, what rural areas need is coordination of efforts to improve the human capital of the rural poor *and* efforts to increase the availability of jobs.

The FSA is well-crafted legislation. The act is only a first step, however, because it focuses on one segment of the poor who make up only about 30 percent of the poor in rural areas. Additional inroads against rural poverty will require additional steps.

We presented a series of policy changes that could be enacted independently to help individual groups of rural poor rather than a single, unified program to simultaneously aid all the poor. Because of cost constraints, implementing a few selected measures is more realistic than a new unified program (Deavers and Hoppe, 1991, p. 96). Which of these changes are undertaken depends on budget restrictions, which groups the Nation decides to help, which of the three basic approaches are most acceptable, values regarding work and family responsibilities, and interest in poverty, especially rural poverty. The decision is not simple, and it will require extensive debate.

Research can be useful in debates about how to help the poor. For example, the Manpower Development Research Corporation's evaluation of experimental welfare-to-work programs influenced the content and passage of the FSA (Szanton, 1991; Baum, 1991). Additional research would be useful in future debates. In particular, there is a lack of information on the causes of single parenting (Prosser, 1991, p. 15). Why has single parenthood increased over time? Are the factors that lead to the increase different in rural and urban areas? Knowing answers to these questions would help in formulating policies to help keep families together.

Enough is known now, however, to do something about poverty in general and rural poverty in particular. The real hindrances to policies and programs to combat rural poverty are political will and the budget. In addition, questions of values, not questions of facts, often predominate in welfare reform debates:

> ...These values are relatively impervious to facts. It is not so much that values persist in the face of disconfirming facts; rather they exist in a different epistemological sphere than mere facts. Facts are only mildly relevant to the fundamental questions of welfare policy: What is a decent provision; what level of inequality in wealth and income should society tolerate; should public benefits be contingent on personal behavior... (Haskins, 1991, p. 630).

References

Baum, Erica B. "When the Witch Doctors Agree: The Family Support Act and Social Science Research," *Journal of Policy Analysis and Management*, Vol. 10, No. 4, Fall 1991, pp. 603-615.

Beale, Calvin. "New Definitions for Metropolitan Areas," *Rural Development Perspectives*, Vol. 1, No. 1, Oct. 1984, pp. 19-20.

Bentley, Susan. "Income Security and the Nonmetro Poor," *Southern Rural Sociology*, Vol. 4, 1986, pp. 17-30.

Burkhauser, Richard V., and T. Aldrich Finegan. "The Minimum Wage and the Poor: The End of a Relationship," *Journal of Policy Analysis and Management*, Vol. 8, No. 1, Winter 1989, pp. 53-71.

Business Week. "Where Have All the Good Workers Gone?" in "Willing and Able," a special advertising section, No. 3237, Oct. 28, 1991.

Congressional Quarterly Weekly Report. "Status of Major Legislation," Vol. 49, No. 51, Dec. 21, 1991, pp. 3741.

Cutler, David M., and Lawrence F. Katz. "Untouched by the Rising Tide: Why the 1980s Economic Expansion Left the Poor Behind," *The Brookings Review*, Vol. 10, No. 1, Winter 1992, pp. 41-45.

Danziger, Sheldon. *Antipoverty Policies and Child Poverty*. Discussion Paper No. 884-89. University of Wisconsin, Institute for Research on Poverty, revised June 1989.

Deavers, Kenneth L., and Robert A. Hoppe. "The Rural Poor, The Past As Prologue," *Rural Policies for the 1990s*. Cornelia B. Flora and James A. Christenson (eds.). Boulder, CO: Westview Press, 1991.

Deavers, Kenneth L., Robert A. Hoppe, and Peggy J. Ross. "Public Policy and Rural Poverty: A View From the 1980s," *Policy Studies Journal*, Vol. 15, No. 2, Dec. 1986, pp. 291-309.

Denison, Edward Fulton. *Accounting for Slower Economic Growth: The United States in the 1970's*. Washington, DC: The Brookings Institution, 1979.

Ellwood, David T. *Poor Support*. New York: Basic Books, Inc., 1988.

_____. "Conclusion," *Welfare Policy for the 1990s*. Phoebe H. Cottingham and David T. Ellwood (eds.). Cambridge, MA: Harvard University Press, 1989.

Ghelfi, Linda M. "Job Placement of JTPA-Trained Welfare Recipients: Implications for the JOBS Program in Southern and Nonmetro States," *Southern Rural Sociology*, Vol. 9, No. 1, 1992.

Greenstein, Robert. "An Alternative View," *The Brookings Review*, Vol. 9, No. 3, Summer 1991, pp. 34-35.

Haas, Lawrence, J. "Will It Be a Budget to Run With?," *National Journal*, Vol. 24, No. 5, Feb. 1, 1992, pp. 276-278.

Haskins, Ron. "Congress Writes a Law: Research and Welfare Reform," *Journal of Policy Analysis and Management*, Vol. 10, No. 4, Fall 1991, pp. 616-632.

Haugen, Steven E., and Earl F. Mellor. "Estimating the Number of Minimum Wage Workers," *Monthly Labor Review*, Vol. 113, No. 1, Jan. 1990, pp. 70-74.

Hoppe, Robert A. "Shifting Income Patterns: Implications for Nonmetro America," *Rural Development Perspectives*, Vol. 3, Issue 2, Feb. 1987, pp. 2-5.

_____. "Poverty in Rural America: The Statistical Evidence," *Outreach to the Rural Disadvantaged: Issues and Strategies for the 21st Century*. Ntam Baharanyi, Robert Zabawa, and Walter Hill (eds.). Proceedings of the 47th Annual Professional Agricultural Workers Conference, Tuskegee University, AL, Dec. 3-5, 1989.

_____. *The Role of the Elderly's Income in Rural Development*. RDRR-80. U.S. Dept. Agr., Econ. Res. Serv., Jan. 1991a.

_____. "Rural Poverty Stabilizes," *Rural Conditions and Trends*, Vol. 2, No. 1, Spring 1991b, pp. 16-17.

Hutchinson, Fred. Conversation with Robert A. Hoppe, 1992.

Lerman, Robert I. "Nonwelfare Approaches to Helping the Poor," *Focus*, Vol. 11, No. 1, Spring 1988, pp. 24-28.

Levitan, Sar A. *Programs in Aid of the Poor*. Baltimore and London: Johns Hopkins University Press, 1990.

Michel, Richard C. "Economic Growth and Income Equality Since the 1982 Recession," *Journal of Policy Analysis and Management*, Vol. 10, No. 2, Spring 1991, pp. 181-203.

Mincy, Ronald B. "Raising the Minimum Wage: Effects on Family Poverty," *Monthly Labor Review*, Vol. 113, No. 7, July 1990, pp. 18-25.

Moffitt, Robert. *Incentive Effects of the U.S. Welfare System: A Review*. Special Report No. 48. Madison: University of Wisconsin-Madison, Mar. 1990.

Morrissey, Elizabeth S. "Intergenerational Poverty in Metro and Nonmetro Areas." Paper presented at the 16th Annual National Institute on Social Work and Human Services in Rural Areas, Aug. 4-7, 1991, Nacogdoches, TX.

National Commission on Children. *Beyond Rhetoric: A New American Agenda for Children and Families*. Final Report of the National Commission on Children. 1991.

Parker, Timothy S. "Rural Unemployment Edges Up," *Rural Conditions and Trends*, Vol. 2, No. 1, Spring 1991, pp. 8-9.

Porterfield, Shirley. "Service Sector Offers More Jobs, Lower Pay," *Rural Development Perspectives*, Vol. 6, Issue 3, June-Sept. 1990, pp. 2-7.

Prosser, William R. "The Underclass: Assessing What We Have Learned," *Focus*, Vol. 13, No. 2, Summer 1991, pp. 1-18.

Redman, John M., and Thomas D. Rowley. *A State-Level Examination of Metro/Nonmetro Per Capita Income Inequality, 1979-87*. Staff Report No. 9108. U.S. Dept. Agr., Econ. Res. Serv., May 1991.

Ruggles, Patricia. *Drawing the Line: Alternative Poverty Measures and Their Implications for Public Policy*. Washington, DC: The Urban Institute Press, 1990.

Schieber, Sylvester J. "First Year Impact of SSI on Economic Status of 1973 Adult Assistance Populations," *Social Security Bulletin*, Vol. 41, No. 2, Feb. 1978, pp. 18-46.

Schiller, Bradley R. *The Economics of Poverty and Discrimination*. Englewood Cliffs, NJ: Prentice Hall, 1989.

Shipp, P. Royal. *The Indexation of Federal Programs*. Report No. 82-103 S. Congressional Research Service, Library of Congress, May 26, 1982.

Smeeding, Timothy M., and Barbara Boyle Torrey. "Poor Children in Rich Countries," *Science*, Vol. 242, No. 4880, Nov. 11, 1988, pp. 873-877.

Smith, Ralph E., and Bruce Vavrichek. "The Minimum Wage: Its Relation to Incomes and Poverty," *Monthly Labor Review*, Vol. 110, No. 6, June 1987, pp. 24-30.

Szanton, Peter L. "The Remarkable 'Quango,' Knowledge, Politics, and Welfare Reform," *Journal of Policy Analysis and Management*, Vol. 10, No. 4, Fall 1991, pp. 590-602.

Taylor, Paul. "Revamping Welfare With 'Universalism,'" *The Washington Post*, Feb. 26, 1992, p. A15.

U.S. Department of Commerce, Bureau of the Census. *Characteristics of the Population Below the Poverty Level: 1979*. Current Population Reports, Series P-60, No. 130, Dec. 1981.

_____. Current Population Survey, Mar. 1990.

_____. *Poverty in the United States: 1988 and 1989*. Current Population Reports, Series P-60, No. 171, June 1991a.

_____. *Money Income of Households, Families, and Persons in the United States: 1990*. Current Population Reports, Series P-60, No. 174, Aug. 1991b.

_____. *Poverty in the United Sates: 1990*. Current Population Reports, Series P-60, No. 175, Aug. 1991c.

_____. *Statistical Abstract of the United States: 1991*. 1991d.

_____. Unpublished tables from the 1991 Current Population Survey. 1991e.

_____. Current Population Survey, various years.

U.S. Executive Office of the President. *Economic Report of the President*. Transmitted to the Congress together with the Annual Report of the Council of Economic Advisers. Feb. 1991.

_____. *Economic Report of the President*. Transmitted to the Congress together with the Annual Report of the Council of Economic Advisers. Feb. 1992a.

_____. *The President's Comprehensive Health Reform Program.* Feb. 6, 1992b.

U.S. House of Representatives, Committee on Ways and Means. *Background Material and Data on Programs within the Jurisdiction of the Committee on Ways and Means*. WMCP: 101-4. Prepared for the use of the Committee on Ways and Means by its staff. Mar. 15, 1989.

_____. *Background Material and Data on Programs within the Jurisdiction of the Committee on Ways and Means*. WMCP: 102-9. Prepared for the use of the Committee on Ways and Means by its staff. May 7, 1991.

Zuckman, Jill. "Jobless Benefits Deal Crumbles After Bush Seeks Compromise," *Congressional Quarterly Weekly Report*, Vol. 49, No. 44, Nov. 2, 1991, pp. 3205-3206.

Appendix 1: National Economic Growth

In the past, we have stressed the importance of growth in the national economy to reduce rural poverty among those able to work (Deavers and Hoppe, 1991). An examination of recent economic trends, however, leads us to question the effectiveness of economic growth in reducing rural poverty.

It was virtually an article of faith among economists that market-driven national economic growth would lead to more equal income among richer and poorer regions while reducing income disparities among individuals and families. In the United States, data allow testing this proposition for various units, including regions, States, the rural and

urban populations, and the farm and nonfarm populations. Results during the period from the end of World War II to the early 1970's were generally encouraging.

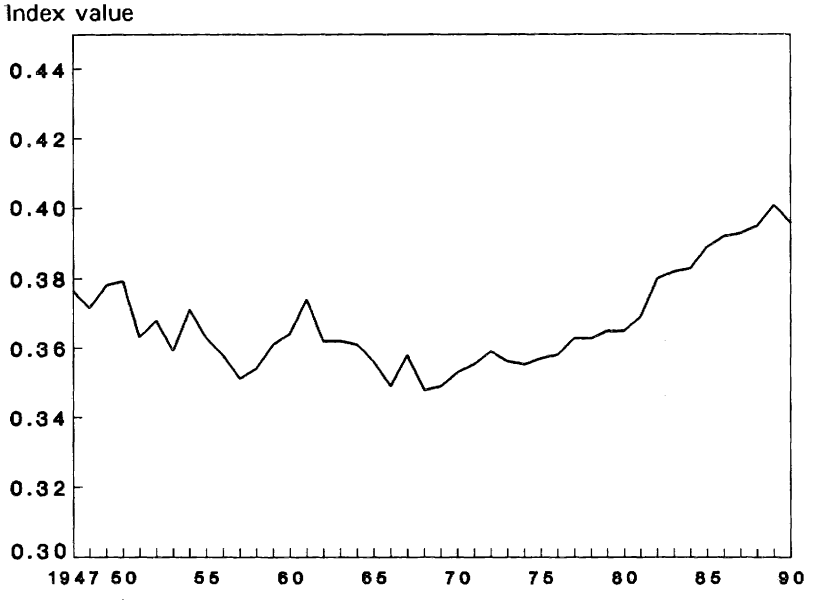
However, this important belief about the societal gains from national economic growth was seriously challenged by the experiences of the 1980's. The U.S. economy had a long and sustained recovery from the recessions of 1980-82 with rates of growth in GNP and employment among the highest in the post-War period. Nevertheless, disparities in well-being among areas as well as people widened markedly during the decade. For some areas, this meant falling further and further behind. Over one-third of all nonmetro counties started the decade with per capita income below the U.S. mean and fell even further below the U.S. mean by 1987 (Redman and Rowley, 1991). Only one-fifth of the metro counties had a similar experience. Poverty rates for nonmetro and metro areas, which stood at 13.7 and 10.7, respectively, in 1979 (U.S. Department of Commerce, 1981), were 15.7 and 12.0 in 1989, despite decreases from even higher levels earlier in the 1980's (U.S. Department of Commerce, 1991a).

Part of the paralysis in economic development policy for both rural and urban areas is the disappearance of the conviction that market-driven growth and development will automatically further society's equity goals. Economic growth cannot contribute to equity if the newly created income is distributed unequally. In the 1970's, a trend toward greater inequality began, and this trend accelerated in the 1980's (app. fig. 1).[9]

During the recovery of 1980's it seemed that the rich got richer, the middle-class held its own in real terms, and the poor lost ground. Growth in after-tax income between 1983 and 1987 was concentrated among the 20 percent of households with the highest income (Michel, 1991, p. 181). The middle 60 percent experienced only modest income growth, and the bottom 20 percent lost income. Changes that adversely affect the lower end of the income distribution are

[9]The Gini index in appendix figure 1 is a measure of income concentration that varies from 0 (perfect equality) to 1 (perfect inequality). If the Gini index is 1, one family has all of the aggregate income. If it is 0, each family has an equal share. Meaningful changes in the Gini index are unlikely to occur from year to year. However, the accumulated small changes over the past 20 years indicate an increase in income inequality (U.S. Department of Commerce, 1991b, pp. 5-7).

Appendix figure 1
Gini index for families, 1947-90



Source: U.S. Department of Commerce, Current Population Survey, various years.

particularly important to nonmetro areas, because the nonmetro population is more heavily concentrated there (Hoppe, 1987, p. 5).

The reasons for the increasing inequity in the income distribution are not entirely clear (U.S. Department of Commerce, 1991b, pp. 7-8).[10] Until we understand why, no national or rural development policy recommendations will be very credible. A decade ago, we would have made two statements about the importance of national economic growth. First, regional or rural development policies could not succeed in the absence of adequate growth in the national economy. Second, macroeconomic policies favoring economic growth could be as important as poverty programs in contributing to the decline of rural poverty. Given what has happened since the 1970's, we are somewhat at a loss as to what to say.

[10]For more information about possible causes, see U.S. Department of Commerce (1991b) or Cutler and Katz (1992).

This does not mean that growth in the national economy is of no value to the rural, able-bodied poor. Severe recessions will clearly generate a rapid rise in rural poverty, although extended periods of recovery may not do much to reduce rural poverty. Poverty in nonmetro areas also seems to be more sensitive to the unemployment rate than poverty in metro areas. Sixty-three percent of the variation in the nonmetro poverty rate between 1973 and 1989 is explained by variation in the nonmetro unemployment rate, compared with only 22 percent in metro areas (Hoppe, 1991b, p. 16).

Although a strong national economy obviously can help the rural poor, it is no cure for rural poverty. The belief that macroeconomic policies that stimulate growth, by themselves or in concert with other measures, can eventually eliminate rural poverty has become less tenable given the shifts in income distribution during the 1980's.

Appendix 2: Defining the Disabled

Defining the elderly in table 2 was straightforward. Any family head or unrelated individual at least 65 years of age was classified as elderly. Determining disability from the Current Population Survey (CPS) was more difficult because it was based, in part, on respondents' answers about work disabilities.

The Census Bureau classifies a person as "work disabled" if he or she is between the ages of 16 and 64 and meets any of the following criteria:

1. Has a health problem or disability that prevents work or limits the kind or amount of work that can be performed.

2. Has ever retired or left a job for health reasons.

3. Did not work in survey week because of long-term physical or mental illness or disability that prevented the performance of any kind of work.

4. Did not work at all in previous year because of illness or disability.

5. Is under 65 years of age and covered by Medicare.

6. Is under 65 years of age and a recipient of SSI (Supplemental Security Income).

7. Receives veteran's disability compensation.

Each criterion corresponds to a specific question on the CPS questionnaire.

One may question whether the respondents answered truthfully or said they were disabled when they really were unwilling to work. Using a more conservative or restrictive definition of disability would help allay some of these concerns. We chose to use a more conservative definition, "severely work disabled," in this chapter. To be classified as severely work disabled by the Census Bureau, people must meet at least one of criteria 3 through 6.